



February 9, 2024

Mario Cardenas, Financial Secretary-Treasurer
Transportation Communications Union
TCU Local Lodge 781
10004 190th St.
Mokena, IL 60448

Case Number: 310-6026304()
LM Number: 047846

Dear Financial Secretary-Treasurer Cardenas:

This office has recently completed an audit of Transportation Communications Union (TCU) Local Lodge 781 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on January 8, 2024, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of Local Lodge 781's 2022 records revealed the following recordkeeping violations:

1. Meal Expenses

Local Lodge 781 did not require officers and employees to submit itemized receipts for some meal expenses. For example, President Felipe Gonzalez was reimbursed \$72.76. The

disbursement journal shows this was for “food,” but no supporting documentation was retained. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

In addition, union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Receipt Sources not Recorded

Entries in Local Lodge 781’s receipts journal reflect the date the union received funds, but not the source of the money received. For example, on August 19, 2022, the receipt journal shows the union received \$412.38. The union listed the source as “Deposit #60” and the actual source is not recorded. Union receipts records must show the date and source of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3. Meeting Minutes

Local Lodge 781 failed to retain any meeting minutes created during 2022. During the audit, you advised OLMS that it is the policy of Local 781 to have all disbursements approved at the monthly membership meetings. You also advised that authorization and approval of all disbursements are recorded in the meeting minutes. You advised that when you were recording secretary you created the minutes, but the minutes have been lost. Minutes of all membership or executive board meetings during which disbursement authorizations are made must be retained, as such records clarify, verify, and support information required to be reported on the LM-3 report.

4. Lack of Salary Authorization

President Felipe Gonzalez, Vice President Alonzo Campos, Financial Secretary-Treasurer Alberto Torres, Local Chairman Michael Aldana, Trustee Juan Calderon, Trustee Dave Johnston, Trustee-Chairman James Kane, and you received salaries totaling at least \$82,195. However, Local Lodge 781 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local Lodge 781 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by Local Lodge 781 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away hats totaling more than \$5,000 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

2. Audit of Records

Item 14 (Have an audit or review of its books and records by an outside accountant or by a parent body auditor/representative?) should have been answered, "Yes," because the union is audited semiannually by its parent body. The union must report any audit or review by an outside accountant or a parent body auditor/representative in which your organization's books and records were examined to verify their accuracy and validity.

I am not requiring that Local Lodge 781 file an amended LM report for 2022 to correct the deficient items, but Local Lodge 781 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Lost Time Discrepancies

The audit revealed some possible discrepancies concerning lost time payments to Local Chairman Michael Aldana and Financial-Secretary Treasurer Alberto Torres. The audit revealed one instance where Local Chairman Aldana submitted lost time claims to the union, but employer records show that he was also paid by the employer for holiday pay. In total, Local Chairman Aldana received payment for eight hours of lost wages, totaling \$1,418.74 in which no wages were actually lost. The audit also revealed one instance where Financial-Secretary Treasurer Torres submitted lost time claims to the union, but employer records showed that he

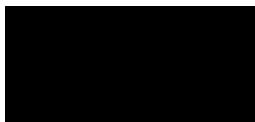
was on vacation, and received vacation pay. In total, Mr. Torres received payment for eight hours, totaling at least \$229.28, in which no wages were lost.

You advised Local Lodge 781's lost time policy does not cover reimbursement of union work done by officers on their personal time, and that they are only supposed to receive wages from the union for wages lost from the employer. Local Lodge 781 will discuss this finding with the officers and the grand lodge auditor. Local Lodge 781 may have officers submit employer records to verify lost time claims.

OLMS recommends Local Lodge 781 adopt written guidelines for reimbursement of lost wages as such policies can help ensure effective control over union finances. In addition, OLMS recommends that Local Lodge 781 review its lost time and payroll procedure to improve internal control of union funds. Verification of lost time claims submitted by union personnel by either allowing trustees to compare lost time claims to employer records or by requiring union personnel to submit proof of lost wages claimed (e.g. time cards) can be an effective internal control for such payments. If any repayment is made to Local Lodge 781, I would appreciate it if you would provide evidence of that payment to me.

I want to extend my personal appreciation to TCU Local Lodge 781 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

A solid black rectangular box used to redact the signature of the investigator.

Investigator

cc: Felipe Gonzalez, President
Linda Seeley, Grand Lodge Auditor