



August 15, 2013

Mr. Jeffrey Cooley, Secretary Treasurer
Transportation Union IND Local 594
PO Box 2192
Lindale, TX 75771

Case Number: 420-14137 [REDACTED]
LM Number: 006458

Dear Mr. Cooley:

This office has recently completed an audit of UTU Local 594 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, David Martin, Ricky Reed, and Pat Creech, Jr. on August 7, 2013, 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.

Record Keeping 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 594's 2012 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 594 did not retain adequate documentation for reimbursed (workshop) expenses incurred by Secretary Jeffrey Cooley totaling \$1,909.23 paid by check [REDACTED] as approved by the March 2012 membership meeting minutes.

You stated that all vouchers and supporting documents to support payments will be maintained.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lack of Salary Authorization

Local 594 did not maintain records to verify that the salaries for Ronald Burris, John Mcrae, and Frederick (Ricky) Reed 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.

The membership meeting minutes for the meeting held March 5, 2012 authorized salaries for Mark Mcrae and Ricky Reed. The minutes failed to list the salary amount authorized.

You stated that according to the UTU International Union, the local is prohibited from authorizing salaries other than for the president, vice president, and secretary treasurer in its local bylaws. The authorization for local chairman salaries is listed in the "Procedures for Local Chairman". The Procedures for Local Chairman are voted and approved by the local membership. The Procedures for Local Chairman for the 927C Local Chairman are the only procedures that have been approved.

You stated that the local union is in the process of approving all local chairman salaries and updating all Procedures of Local Chairman.

3. Failure to Maintain Receipt Records

Local 594 did not record dues payments received from two members totaling \$1,411.00 in its receipts records. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

You stated that all receipts records will be maintained.

Based on your assurance that Local 594 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 594 for the fiscal year ended December 31, 2012, was deficient in the following area:

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 594 has never filed a copy of its bylaws.

Local 594 has now filed a copy of its constitution and bylaws.

Local 594 has agreed to properly submit its revised bylaws when filing its future LM-3 reports with OLMS.

I want to extend my personal appreciation to UTU Local 594 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,


Investigator

cc: David Martin, President
Max Manns, Vice President
Ricky Reed, Local Chairman
Pat Creech, Jr., Local Chairman