



May 22, 2014

Mr. Gregory Chambers, Secretary-Treasurer
Transportation Union
Local 338
8506 Brookplace Drive
Hixson, TN 37343

Case Number: 410-6000204 [REDACTED]
LM Number: 003-983

Dear Mr. Chambers:

This office has recently completed an audit of Transportation Union Local 338 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 May 7, 2014, 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 338's 2013 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 338 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$151.37. For example, the local only

maintained the cancelled check images, but did not maintain any supporting documentation for any of the expenses. Additionally, the union records did not indicate the purposes of the expenses.

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. General Expenses

Local 338 did not retain adequate documentation for general expenses totaling at least \$2,037.78. For example, the local maintained cancelled check images of the expenses, but did not maintain any supporting documentation. Furthermore, union records did not always reflect the purposes.

As previously stated, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The union records should reflect the nature of the union business, the recipient, and the services or goods received.

3. Lack of Salary Authorization

Local 338 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.

4. Lack of Expense Authorization

Local 338 did not maintain records to verify that the monthly expense allowance paid to the committee chairman of the road was the authorized amount. As stated above, 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 338 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 338 for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 338's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Cash Receipts

Local 338 improperly included in Item 43 (Other Receipts) amounts that were not cash receipts. For example, the union adjusted its book balance for the start of the year, but counted the adjusting entry as a cash receipt. The LM-3 instructions state that Statement B (Receipts and Disbursements) is to report the flow of cash in and out of your organization.

3. Cash Disbursements

It appears the amount in Item 54 (Other Disbursements) includes disbursements that were paid out in another year. For example, union records show that the local disbursed monies totaling at least \$1,238.94 on January 15, 2014, but the disbursements were reported on the LM-3 Report for fiscal year ending December 31, 2013. The LM-3 instructions require unions to report disbursements made during the reporting period of the report.

4. 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 338 developed its first bylaws in 2002, but did not file a copy with its LM report for that year. Local 338 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 338 file an amended LM report for 2013 to correct the deficient items, but Local 338 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Transportation Union Local 338 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure

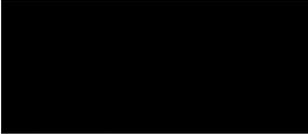
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this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mr. Rickie Blevins, Sr., President