U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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May 23, 2007

Ms. Rebecca Brown, Secretary-Treasurer
Locomotive Engineers AFL-CIO
Division 171
23 Bari Manor
Croton, NY 10520

Re: Case Number: [redacted]

Dear Ms. Brown:

This office has recently completed an audit of Locomotive Engineers, Division 171 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 with you during the exit interview on May 2, 2007, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive

documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements. In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Locomotive Engineers, IBT DIV 171 fiscal year 2005 records revealed the following recordkeeping violations:

1. Officer and Employee Expense

Union officers and employees failed to maintain adequate documentation for reimbursed expenses, mileage expenses, and meal expenses that were directly paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

As agreed, provided that Locomotive Engineers, IBT DIV 171 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations

The CAP 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 Locomotive Engineers, IBT DIV 171 for fiscal year ending December 31, 2005, was deficient in the following areas:

1. LM-3 Item 24 (All Officers and Disbursement to Officers)

Locomotive Engineers, IBT DIV 171 failed to include some reimbursements to officers in Item 24 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Item 48.

All direct disbursements to Locomotive Engineers, IBT DIV 171 officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to

an officer is a payment to another party (including credit card companies) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Item 43 (Other Receipts)

Locomotive Engineers, IBT DIV 171 failed to report the amount of $2,493.00 received from members to purchase union jackets on the LM-3 report under item 43 - Other Receipts.

Locomotive Engineers, IBT DIV 171 must file an amended Form LM-3 for fiscal year ending December 31, 2005, to correct the deficient items discussed above no later than May 29, 2007. I provided you with a blank form and instructions, and discussed with you the availability of the reporting forms and instructions on the OLMS website (www.olms.dol.gov). Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Locomotive Engineers, Division 171 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,

[redacted]
Supervisory Investigator

cc: Paul Buckle, President