U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Kansas City Resident Investigative Office
1100 Main Street
Room 950
Kansas City, MO 64105-5143
(816)502-0290 Fax: (816)502-0288

February 22, 2007

Mr. Michael Bowman, Secretary/Treasurer
United Transportation Union, Ind.
Local 349
616 NE Cumberland Drive
Blue Springs, MO 64014

Re: Case Number [redacted]

Dear Mr. Bowman:

This office has recently completed an audit of Transportation Union Local 349 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 February 20, 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.

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 Local 349's 2005 records revealed the following recordkeeping violations:

Union officers failed to maintain adequate documentation for reimbursed expenses, such as cell phone and internet bills. All receipts or other documentation which verify and explain the expenses reimbursed to all local officers must be maintained. During the exit interview, you stated you would keep all of these records in the future.

Also, the local's by-laws specifically state that all officer expenses must be approved by a majority vote at the membership meetings. Therefore, the local must keep minutes for every meeting to document this approval. You stated in the exit interview that you will remedy this problem in the future and ensure that minutes are maintained even if you cannot attend the meeting.

As agreed, provided that Local 349 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

The audit also disclosed the following reporting violations:

LMRDA Section 201(b) requires labor organizations file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by Local 349 for fiscal year ending December 31, 2005 was deficient in that it did not properly record the amount of allowances disbursed to officers during the fiscal year, and one officer was not reported on the form.

Local 349 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 Office and Administrative Expense.

All direct disbursements to Local 349 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). Even if the officer does not receive an official salary from the local, allowances paid to the officer along with the disbursements mentioned above must be accurately reported.

Also, the name of one officer and the total amounts of payments to him or on his behalf were not reported in Item 24 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union. We discussed in the exit interview the status of the Local Chairman and whether or not he is considered an officer. I verified that for the Form LM-3 Report he should be listed as an officer along with any allowances he receives.

I am not requiring that Local 349 file an amended LM report for 2005 to correct the deficient items, but as agreed, Local 349 will properly report the deficient items on all future reports filed with this agency which includes the report for 2006. You indicated in the exit interview you have already sent in the 2006 report and agreed to file an amended report before the filing deadline of March 31, 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 Transportation Union Local 349 for the cooperation and courtesy extended during this compliance audit. I 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]
Investigator

cc: Harrel Owen, President