



May 18, 2018

Mrs. Kimberly Griffin, Secretary-Treasurer
Transportation Communications Union (TCU)
Lodge 6738
22556 Imperial Drive
Richton Park, IL 60471

Case Number: 310-6012552
LM Number: 002488

Dear Mrs. Griffin:

This office has recently completed an audit of Transportation Communications Union (TCU) Lodge 6738 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, Alex Brandy President, Genesis Ruffin Chairman Board of Trustees, David Johnson Local Chairman and Kirvan Audain Vice Local Chairman on April 5, 2018, 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 TCU Lodge 6738's 2016 records revealed the following recordkeeping violations:

1) Lost Wages Reimbursements & Payments for Personal Time for Conducting Union Business

Lodge 6738 did not retain adequate documentation for lost wage reimbursements and payments for personal time worked for conducting union business to Chairman David Johnson totaling at least \$2,700. Local Lodge 6738 reimburses officers for lost wages and also compensates them for personal time worked for conducting union business. Records must be maintained in support of lost wage claims and personal time payments that identify each date lost wages were incurred or personal time wages were earned, the number of hours lost or worked on each date, the applicable rate of pay, and a specific description of the union business conducted. Lodge 6738 maintained only the monthly membership reports that identified the amount being paid to Mr. Johnson, and did not always identify the date of the claim, the total hours claimed, the rate of pay, or the specific business purpose being conducted. Although vouchers were completed, these vouchers were completed by the financial secretary and reviewed only by the chairman of the trustee board. The TCU/IAM constitution requires that President Brandy also review all payments and sign all checks prior to their issuance. During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* which identifies the type of information and documentation that the local must maintain.

1) Failure to Record Receipts

Local Lodge 6738 did not properly report in its receipts records some reimbursement payments from its parent organization for grievance settlement as well as lodging expenses for the Local Chairman's attendance at the national convention deposit totaling at least \$2,000. For example, approximately \$1,400 for reimbursed expenses for lodging received from TCU/IAM International along with an additional \$600 in grievance awards was improperly reported as dues. Local Lodge 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.

2) Failure to Maintain Meeting Minutes

3) Article 4, Section 15 of the Transportation Communication Union/International Association of Machinists (IAM) Constitution titled "the Statutes for Government of Local Lodges" requires that the recording secretary shall keep the minutes of meetings, conduct all correspondence for the Lodge and render such report to the Lodge and National Union as are provided for in the National Union Constitution/By-Laws or By-Laws of the Local. He shall be custodian of the records and seal, and perform such other duties as pertain to his office showing all actions authorized by the membership. Article 3, Section 1, requires membership meetings to be held. However, Local Lodge 6738 failed to maintain documentation that included the date, time of meetings not held or otherwise cancelled, due to a lack of quorum. Lack of Salary Authorization

Local Lodge 6738 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the 2016 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 6738 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 LM-3 filed by Local Lodge 6738 for the fiscal year ended December 31, 2016, was deficient in that it failed to properly report the following:

1) Other Receipts

Item 43 (Other Receipts) failed to include reimbursements to the Local Lodge made by the international for grievance settlements and local officer lodging expenses totaling approximately \$2,000. It appears that the local erroneously reported these funds in Item 38 (Dues).

2) Disbursements to Officers

Local 6738 did not properly report lost wage reimbursements and payments for personal time totaling at least \$2,700 paid to Local Chairman David Johnson in Item 24 (All Officers and Disbursements to Officers). The amount was improperly reported in column E (Allowances and Disbursements) instead of column D (Gross Salary before Taxes).

3) Office and Administrative Expenses

Local Lodge 6738 improperly reported a total of \$1,851 in Item 54 (Other Disbursements). This amount, used to pay for a IAM Ad-book and other items should be reported in Item 48 (Office and Administrative Expenses).

Local Lodge 6738 must file an amended Form LM-3 for the fiscal year ended December 31, 2016, to correct the deficient items discussed above. I encourage Local Lodge 6738 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than June 21, 2018 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Issues

1) Expenses Policy

As I discussed during the exit interview with you, President Brandy, Local Chairman Johnson, Vice Local Chairman Audian and Chairman of the Board of Trustees Ruffin, the audit revealed that Local Lodge 6738 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

2) Signing Checks

During the audit, you advised that checks are signed by a single officer. Your union's international constitution, Article C, Section 1 requires that all local checks be signed by the local president and secretary-treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Local 6738 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Transportation Communications Union (TCU) Lodge 6738 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: Mr. Alex Brandy, President