



May 29, 2018

Mr. Matthew Stewart, General Chairman
American Train Dispatchers SCOM CSXT
2053 Creekmont Dr.
Middleburg, FL 32068-6876

Case Number: 410-6010330
LM Number: 530268

Dear Mr. Stewart:

This office has recently completed an audit of American Train Dispatchers CSX Transportation South Committee 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 System Treasurer Jeffrey Marshall on May 21, 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 the CSXT South Committee records revealed the following recordkeeping violations:

1. Lost Wages

CSXT South Committee did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$1,540.16. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that the committee typically requires officers to complete a Lost Time Form with this information; however, in two instances the form was missing.

2. Failure to Record Receipts

CSXT South Committee did not maintain any receipts records to show details regarding Committee receipts. For example, the union does not maintain a union record that records details regarding dues check-off checks, interest earned on savings and certificate of deposit accounts, and miscellaneous receipts from vendors. 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.

3. Failure to Record Disbursements

CSXT South Committee did not maintain disbursement records to show details regarding Committee disbursements. For example, there was no union disbursements journal, check register, check stubs, etc. to show the details of monthly disbursements by check, direct deposit, and debit card charges. Union disbursement records must include adequate details for all disbursements including the amount, date, payee, and description of the disbursement as it relates to union business.

4. Information not Recorded in Meeting Minutes

During the audit, Mr. Marshall advised OLMS that the committee purchased a laptop for \$2,400 for Atlanta Local Chairman Ernest Craft. Marshall advised that there were no meeting minutes or other documentation to show that the Committee authorized the laptop purchase. Committee Regulations Section 3(f) states that expenditures of unusual or large amounts, or for unusual purposes shall first be approved by a majority of the System committee.” Minutes of all membership or committee meetings must report any disbursement authorizations made at those meetings. If the system committee authorizes such a disbursement by e-mail, the union must retain the e-mail as documentation of such authorization.

Based on your assurance that CSXT South Committee 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 CSXT South Committee for the fiscal year ended June 30, 2017, 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 CSXT South Committee 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. Failure to Report Receipts

CSXT South Committee failed to report receipts from interest on the Certificate of Deposit account of at least \$565.00 in Item 41, Interest and Dividends. Additionally, the union failed to report receipts of \$25 deposited in August 2016; a refund of \$39.52 in January 2017; or the repayment of \$2,400.00 for the loan in Item 43, Other Receipts.

3. Disbursements to Officers

CSXT South Committee did not include some reimbursements to officers that occurred during the fiscal year in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported some of these payments in Item 48. The indirect disbursement of \$2,400.00 for the purchase of a computer as a loan to Atlanta Committee Chairman Ernest Craft was not reported in any Item on the LM-3 report. Additionally, Mr. Marshall advised that calculations were done at the beginning and end of the year based on what the officer worked and earned during the year even if the actual disbursement occurred in another fiscal year.

The union must report most direct disbursements to CSXT South Committee officers and some indirect disbursements made on behalf of its officers 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. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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).

CSXT South Committee must file an amended Form LM-3 for the fiscal year ended June 30, 2017, to correct the deficient items discussed above. I encourage CSXT South Committee to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 should be filed electronically no later than June 12, 2018. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violations

The audit disclosed the following other violation:

Loan to an Officer

The audit revealed a violation of LMRDA Section 503 (Loans) which states that “No labor organization shall make direct or indirectly any loan or loans to any officer or employee which results in a total indebtedness on the part of the officer or employee to the labor organization in excess of \$2,000.” The Committee violated Section 503 when they entered into the arrangement to purchase the \$2,400 laptop for Atlanta Committee Chairman Ernest Craft with the agreement that he would repay the amount as a loan. During the audit OLMS determined that Mr. Craft has made full repayment of the indirect loan; therefore, the committee is advised not to make any further loans, in excess of \$2,000 to any officer or employee in the future.

I want to extend my personal appreciation to American Train Dispatchers SCOM CSXT 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,

A large black rectangular redaction box covering the signature of the Senior Investigator.

Senior Investigator

cc: Mr. Jeffrey Marshall, System Treasurer