



May 31, 2019

Mr. Chris Reynolds, Chairman
Brotherhood of Maintenance of Ways Employees
Local 1381
[REDACTED]

Case Number: 530-6014550 [REDACTED]
LM Number: 005449

Dear Mr. Reynolds:

This office has recently completed an audit of the Brotherhood of Maintenance of Ways Employees (BMWED) Local Lodge (LL) 1381 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 31, 2019, 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 BMWED LL 1381 FY 2017 records revealed the following recordkeeping violations:

1. Meal Expenses

Local Lodge (LL) 1381 did not require LL 1381 President John Frost to submit itemized receipts for meal expenses totaling at least \$26 disbursed on March 5, 2017 at Norms Café, Twin Falls, ID. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

2. Failure to Record Receipts

LL 1381 failed to retain records to support \$1,188.77 in dues which the BMWED International directly deposited into LL 1381's bank account on October 23, 2016. 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. Information not Recorded in Meeting Minutes

LL 1381 President John Frost advised OLMS that the membership authorized disbursements to be made for "non-routine" expenses during a FY 2017 quarterly membership meeting. However, Frost could not produce LL 1381 meeting minutes or equivalent LL 1381 records to reflect the aforementioned membership blanket approval, at a minimum, the following: \$44.20 paid to Chevron on March 3, 2017; \$75.59 paid to Red Lion Hotel; \$58.82 paid to Phillips 66 on March 4, 2017; \$26.00 paid to Norms Café on March 5, 2017. Minutes of all membership or executive board meetings must report and be maintained for any disbursement authorizations made at those meetings.

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-4) filed by BMWED LL 1381 for the fiscal year ended March 31, 2017, was deficient in that:

1. Cash Reconciliation

It appears that the cash figures reported in Items 16 and 17 (Receipts and disbursements) are not accurate when compared to LU 1381 bank statements. The instructions for Items 16 and 17 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

I am not requiring that Local Lodge (LL) 1381 file an amended LM report for 2017 to correct the deficient items, but LL 1381 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to BMWED LL 1381 for the cooperation and courtesy

Mr. Chris Reynolds

May 31, 2019

Page 3 of 3

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