

U.S. Department of Labor

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November 15, 2007

Mr. John Burke, Secretary-Treasurer
Brotherhood of Locomotive Engineers and Trainmen Local Division 57
6 Vincent Rd.
Mendon, MA 01756

LM File Number: 043-477
Case Number: [REDACTED]

Dear Mr. Burke:

This office has recently completed an audit of the Brotherhood of Locomotive Engineers and Trainmen, IBT, Local Division 57 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 and Local Chairman George Newman on November 6, 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 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 Division 57's records for the fiscal year 2006 revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Division 57 did not retain adequate documentation for reimbursed expenses incurred by John Burke, George Newman, and Paul Chaput totaling at least \$407.54. For example, the division failed to maintain documentation for \$232.36 of the total \$277.61 in expenses incurred by George Newman for various meals, office photocopying, and supplies purchased between September and December of 2005, which was reimbursed with check 967 on January 24, 2006.

The division also failed to maintain adequate documentation for expenses reimbursed to [REDACTED] with check [REDACTED] for \$829.70 on August 10, 2006. [REDACTED] request for payment indicated that the division could expect the reimbursement of \$184.70 for his travel to the BLE and IBT conventions in June 2006 from Teamsters Joint Council 10. During the exit interview, you and [REDACTED] indicated that the division never pursued this reimbursement from Joint Council 10 and simply reimbursed [REDACTED] for the full amount of his travel.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Original credit card receipts must be maintained to verify charges on monthly credit card statements. OLMS discussed the importance of establishing a clear travel reimbursement policy and maintaining all documentation relating to travel expenses. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Division 57 did not require officers and employees to submit itemized receipts for meal expenses. For the audit year, these expenses totaled at least \$383.22. 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.

Division 57's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, receipts provided by President Paul Chaput for lunch at [REDACTED] on January 12 and January 21, 2006 are not itemized and do not contain sufficient information to identify the nature of the union business that was conducted. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Lost Wages

Division 57 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$3,101.52. 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 in at least three instances, Division 57 paid employees lost time without the submission of a written request, and in at least two instances, the lost wage requests failed to identify the date that time was lost or failed to provide appropriate documentation to verify the nature of union business that was conducted.

During the exit interview, we discussed the benefits of clarifying the union's lost time policy and implementing the use of a lost time voucher to standardize the information included in lost time requests.

Based on your assurance that BLET Local Division 57 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 Local Division 57 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets totaling more than \$6,708.50 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

2. Bond

The division incorrectly reported the bond amount in Item 20. Although the union reported a bond amount of \$50,000, the audit disclosed that Division 57 actually is covered for a loss of \$15,000.

3. Disbursements to Officers

Division 57 did not include some reimbursements to officers totaling at least \$8,078.28 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 51 (Contributions, Gifts, and Grants). For example, the travel advance of \$540.08 paid to [REDACTED] on 5/08/06 should be reported as a disbursement to Mr. [REDACTED] in Item 24, column (E).

The union must report most direct disbursements to Division 57 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).

4. Failure to Accurately Report Disbursements

The union failed to report correctly taxes withheld from employee salaries in Item 24, line 10. It appears that taxes withheld were erroneously reported in Item 24, line 11 (Net Disbursements). Form LM-3 Instructions indicate that withholding taxes should be reported in Item 54 (Other Disbursements). Additionally, Item 51 (Contributions, Gifts, & Grants) included a number of payments that should be reported in other items. For example, \$3,000 paid to Winslow, Evans, and Crocker on 6/21/06 should be reported in Item 49 (Professional Fees).

I am not requiring that Division 57 file an amended LM report for 2006 to correct the deficient items, but Division 57 has agreed to properly report the deficient items on all future reports it files with OLMS

I want to extend my personal appreciation to Brotherhood of Locomotive Engineers and Trainmen Local Division 57 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,

Mark Letizi
District Director

cc: Mr. Paul C. Chaput, President