

U.S. Department of Labor

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Office of Labor-Management Standards
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October 4, 2007

Mr. David Hiatt, General Chairman
Transportation Union Ind
General Committee of Adjustment #377
409 Capital Ave. NE
Battle Creek, MI 49017

LM File Number 011-163
Case Number:

Dear Mr. Hiatt:

This office has recently completed an audit of Transportation Union General Committee of Adjustment #377 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 September 26, 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 GCA 377's 2006 records revealed the following recordkeeping violations:

1. Credit Card Expenses

GCA 377 did not retain adequate documentation for all charges you made on the union's credit card. For example, on August 12, 2006, you purchased a laptop computer for \$614.79, but did not maintain the original, itemized receipt for the purchase.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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. Lost Wages and Per Diem

GCA 377 did not retain adequate documentation for lost wage reimbursement and per diem payments to union officers and employees in at least three instances. 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.

3. Meeting Minutes and Lack of Salary Authorization

GCA 377 failed to maintain meeting minutes for the August 29, 2006 General Committee Meeting. You stated that the salary of the general chairman was discussed and authorized at that meeting, but GCA 377 did not maintain minutes or alternate records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. As stated above, labor unions must maintain all records used or received in the course of union business, including meeting minutes, which show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that GCA 377 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 GCA 377 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers

GCA 377 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to GCA 377 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).

2. Purchase of Fixed Assets

GCA 377 did not correctly report the purchase of fixed assets. The audit revealed that GCA 377 purchased at least \$924.75 worth of fixed assets during fiscal year ending December 31, 2006, but did not report those purchases in Item 52 (Purchase of Fixed Assets). Additionally, GCA 377 under-reported fixed assets at the beginning and end of the year in Item 29 (Fixed Assets).

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To properly report fixed assets, you must enter in Item 29 the book value at the start and end of the reporting period of all fixed assets, such as land, buildings, automobiles, and office furniture and equipment owned by your organization. The book value of fixed assets is cost less depreciation.

I am not requiring that GCA 377 file an amended LM report for 2006 to correct the deficient items, but GCA 377 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Transportation Union General Committee of Adjustment #377 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: GCA 377 Vice General Chairman John Henry
International Vice President Bruce Wigent