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November 17, 2020

Mr. Timothy Craver, Chairman
Brotherhood of Locomotive Engineers and Trainmen
Virginia State Legislative Board


Case Number: 450-6018204
LM Number: 014221

Dear Mr. Craver:

This office has recently completed an audit of Brotherhood of Locomotive Engineers and Trainmen, Virginia State Legislative Board (VSLB), 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 Secretary-Treasurer Jeff Wood on November 13, 2020, 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 VSLB's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

VSLB did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers. For example, there were no receipts for some reimbursements and the union records did not include the nature of the union business for others.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The chairman and secretary-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. Receipt Dates not Recorded

Transactions listed on VSLB's bank statements reflect the date the union deposited money, but VSLB did not record the date the money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3. Information not Recorded in Meeting Minutes

During the audit, you and Mr. Wood advised OLMS that the union only held membership meetings once every four years and that the executive committee did not hold regular meetings outside of the quadrennial meeting, but would meet if an immediate need arose. You also advised that the executive committee authorized any expenditures that were approved outside the regularly scheduled union meetings. Additionally, Article 5, Section 6 of VSLB Bylaws requires that the executive committee shall have control over unusual expenditures of funds. However, there are no meeting minutes that contains any reference to expenses and no documentation indicating that the executive committee made decisions related to expenses. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings, or documentation of decisions made outside of regularly scheduled meetings.

Based on your assurance that VSLB 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 VSLB for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Disbursements to Officers

VSLB did not report the total amounts of payments to officers or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report most direct disbursements to VSLB 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. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not accurate figures when considering disbursements and receipts during the reporting period. 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.

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. VSLB amended its bylaws in 2016, but did not file the required copies with its LM report for that year. VSLB has now filed a copy of its bylaws.

VSLB must file an amended Form LM-3 for the fiscal year ended December 31, 2019, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than November 30, 2020, to correct the deficient items discussed above. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issues

1. Expense Policy

As I discussed during the exit interview, the audit revealed that VSLB does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Brotherhood of Locomotive Engineers and Trainmen, Virginia State Legislative Board, for the cooperation and courtesy extended during

Mr. Timothy Craver

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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,