



March 10, 2020

Mr. Trevor Shatek, President
Railroad Signalmen, AFL-CIO, Lodge 226
[REDACTED]

Case Number: 320-6017212 [REDACTED]
LM Number: 051454

Dear Mr. Shatek:

This office has recently completed an audit of Railroad Signalmen AFL-CIO Lodge 226 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 Recording Financial Secretary Greg Sieren on March 9, 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 Lodge 226's 2018 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Lodge 226 did not retain adequate documentation for reimbursed expenses incurred by former Recording Financial Secretary Chris Weishaar and Local Chairman Nick Burris totaling at least \$133 during the audit year. For example, adequate supporting documentation was not retained for a \$94.32 reimbursement to Mr. Weishaar for office

supplies he purchased on March 28, 2018. In support of this payment, Lodge 226 only retained an expense form, which is not sufficient.

As 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. Reimbursed Auto Expenses

Mr. Sieren received reimbursement for business use of his personal vehicle but did not retain adequate documentation to support payments to him totaling at least \$433 during 2018. Mr. Sieren's mileage reimbursements were claimed on expense forms that identified the dates of travel, the total mileage expenses, and the union business conducted; however, the expense forms were insufficient because they failed to adequately identify the locations traveled to and from and the number of miles driven.

The union must maintain records which identify the dates of travel, locations traveled to and from, and the number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Lack of Phone & Internet Allowances Authorization

Lodge 226 did not maintain records to verify that the phone and internet allowances reported in Item 24 (All Officers and Disbursements to Officers), Column E (Allowances and Other Disbursements) of the LM-3 were the authorized amounts and therefore correctly reported.

The audit found that Mr. Sieren, Mr. Weishaar, and General Chairman Keith Huebner received reimbursements for phone and internet service fees totaling at least \$2,050 during the audit year. Authorization for these phone and internet reimbursements could not be identified in Lodge 226's minutes, relevant bylaws, or any other union records. During the audit, Mr. Sieren advised that, while these allowances have been in place "for as long as he can remember," there was no official authorization for the phone and internet allowances until Lodge 226 updated its bylaws in January 2019.

The union must keep a record, such as meeting minutes, to show the current salaries and allowances authorized by the entity or individual in the union with the authority to establish salaries and allowances. Because Lodge 226 has now included an authorization for its phone and internet allowances in its current bylaws, no further action is needed.

4. Lost Wages

Lodge 226 did not retain adequate documentation for lost wage reimbursement payments to Mr. Huebner totaling at least \$526.24 during the audit year. The union must retain 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 audit found that the union retained expense forms for lost wage reimbursements, but in some instances the expense forms were not sufficient because Mr. Huebner did not always identify the actual date lost wages were incurred.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Lodge 226 may use to satisfy this requirement. The sample identifies the type of information and documentation that the lodge must maintain for lost wages and other officer expenses.

Based on your assurance that Lodge 226 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 Lodge 226 for fiscal year ended December 31, 2018, was deficient in that:

Disbursements to Officers

Lodge 226 did not include reimbursements to Mr. Weishaar, Mr. Sieren, Mr. Huebner, and Mr. Burris totaling at least \$6,238 in the amounts reported in Item 24, Column E. Lodge 226's disbursements records indicate that Mr. Weishaar, Mr. Sieren, Mr. Huebner, and Mr. Burris received reimbursed expenses totaling at least \$23,782; however, the total amount reported in Column E of Item 24 for Mr. Weishaar, Mr. Sieren, Mr. Huebner, and Mr. Burris was \$17,544. It appears that Lodge 226 erroneously reported some of these officers' reimbursed expenses in Item 48 (Office and Administrative Expenses).

The Union must report most direct disbursements to Lodge 226 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 the 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.

I am not requiring that Lodge 226 file an amended LM report for 2018 to correct the deficient item, but Lodge 226 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Railroad Signalmen Lodge 226 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 investigator.A smaller black rectangular redaction box covering the name of the investigator.

Investigator

cc: Mr. Greg Sieren, Recording Financial Secretary