



December 19, 2024

Mr. Christopher Gonzalez, President
Transportation Communications Union
Lodge T-6452
4019 Birch Haven Drive
Kingwood, TX 77339

Case Number: 420-6028483()
LM Number: 020301

Dear Mr. Gonzalez:

This office has recently completed an audit of Transportation Communications Union (TCU) IAM San Jacinto Lodge T-6452 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 Financial Secretary Juan Ortega on December 18, 2024, 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 T-6452's records revealed the following recordkeeping violations:

- 1) All disbursements do not contain adequate supporting documentation

Lodge T-6452 did not always retain sufficient supporting documentation for union check disbursements totaling at least \$1,964 for travel reimbursement, donations, union hall rent, and funeral floral expenses.

Labor organizations must retain original itemized 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.

The OLMS Compliance Tip, *Authorization and Documentation of Expenditures*, will provide further guidance on this matter.

2) Meal Expenses

Lodge T-6452 did not always maintain itemized receipts for meal expenses or receipts did not contain the names and titles of the persons incurring the meal charges totaling at least \$4,900. Union records of meal expenses must include itemized receipts, 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.

The OLMS Compliance Tips, *Reimbursed Travel Expense Payments*, and *Union Credit Card Policy*, will provide further guidance on this matter.

Based on your assurance that Lodge T-6452 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 Lodge T-6452 for the fiscal year ended December 31, 2023, was deficient in the following areas:

1) Disbursements to Officers

Lodge T-6452 did not include lost time payments to officers totaling at least \$2,116 in the amounts reported in Item 24, Column (D) (All Officers and Disbursements to Officers). The union erroneously reported these payments in Item 24, Column (E).

Lodge T-6452 did not include reimbursements to officers totaling at least \$6,795 in the amounts reported in Item 24 (All Officers and Disbursements to Officers), Column (E). It appears the union erroneously reported these payments in Item 48 (Office and Administrative).

The union must report most direct disbursements to 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). Direct disbursements to employees for reimbursement of expenses they incurred while conducting union business must be reported in Item 46 (To Employees).

Lodge T-6452 must file an amended Form LM-3 for the fiscal year ended December 31, 2023, 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. Lodge T-6452 has electronically filed an amended report, which was received on December 12, 2024.

I want to extend my personal appreciation to TCU Lodge T-6452 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,



Senior Investigator

cc: Mr. Juan Ortega, Financial Secretary