

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Houston Resident Investigative Office
2320 La Branch Street
Room 1107
Houston, TX 77004
(713)718-3755 Fax: (713)718-3757



December 19,2008

Mr. Arturo E. Perez, Secretary-Treasurer
Locomotive Engineers, IBT
General Committee of Adjustment 244
16023 Stonehaven Drive
Houston, TX 77059

LM File Number 542-520

Case Number: [REDACTED]

Dear Mr. Perez:

This office has recently completed an audit of Locomotive Engineers, General Committee of Adjustment 244 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 December 11,2008, 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 Violation

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 General Committee of Adjustment 244's 2007 records revealed the following recordkeeping violation:

General Reimbursed Expenses

The General Committee of Adjustment 244 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$135.44. For example, there were two separate check payments for reimbursed expenses involving the purchase of a bulletin board and accrual of mileage when using an officer's privately-owned vehicle; however, the General Committee of Adjustment 244 did not keep receipts with accompanying expense statements to support that the bulletin board and mileage expenses were used for union business.

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.

Based on your assurance that the General Committee of Adjustment 244 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above recordkeeping 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 the General Committee of Adjustment 244 for fiscal year ending December 31, 2007 was deficient in the following areas:

1. Disbursements to Officers

The General Committee of Adjustment 244 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 the General Committee of Adjustment 244 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).

At the exit interview, I advised you that the General Committee of Adjustment 244 must file an amended LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). You were advised that the Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than December 21, 2008.

The General Committee of Adjustment 244 has now filed an amended LM-3 report that is complete, accurate, and signed properly with original signatures.

2. 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. The General Committee of Adjustment 244 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

The General Committee of Adjustment 244 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to the General Committee of Adjustment 244 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials

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provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

[REDACTED]

Investigator

cc: Michael Clark, General Chairman