

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 31, 2009

Mr. Lawrence Grutzius, Secretary Treasurer
Transportation Union, Ind.
Local 1895
14425 S. Kedvale Ave.
Midlothian, IL 60445-2716

LM File Number 020-631

Case Number: [REDACTED]

Dear Mr. Grutzius:

This office has recently completed an audit of Transportation Union, Ind. Local 1895 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 August 24, 2009, 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.

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-2 filed by Local 1895 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 1895 did not report the names of some officers and the total amounts of payments to them or on their behalf in Schedule 11 (All Officers and Disbursements to Officers). The union must report in Schedule 11 all persons who held office during the year, regardless of whether they received any payments from the union

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

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. Local 1895 amended its constitution and bylaws in 2003, but did not file a copy with its LM report for that year.

Local 1895 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 1895 file an amended LM report for 2008 to correct the deficient items, but Local 1895 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Use of Signature Stamp

During the audit, you advised that in your capacity as Secretary-Treasurer, it is Local 1895's practice for you to stamp your signature and that of the President of 1895 on union checks. You indicated that no one other than yourself reviews the checks before they are issued. Article 64 of United Transportation Union's Constitution requires that checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature

Mr. Lawrence Grutzius
August 31, 2009
Page 3 of 3

requirement. OLMS recommends that Local 1895 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Transportation Union, Ind. Local 1895 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: Thomas Hall, President