



May 10, 2010

Mr. William LaRocque, Financial Secretary  
United Transportation Union, Local 1003  
3810 Serenity Parkway  
Kankakee, IL 60901

Case Number: [REDACTED]  
LM Number: 004488

Dear Mr. LaRocque:

This office has recently completed an audit of United Transportation Union Local 1003 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 April 20, 2010, 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 Local 1003's 2009 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses

A union employee who received reimbursement for business use of his personal vehicle did not retain adequate documentation to support payments totaling at least \$170.00 during 2009. The union must maintain records which identify the dates of travel, locations

traveled to and from, and 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. In the instance referred to here, the official traveled to another town for training. The official provided a handwritten note with the mileage between the two towns. OLMS checked the mileage between the two towns and found that the official submitted a receipt for an additional eight miles over the distance between the two towns. The Local had no record of how the total miles were obtained, and the officer's note did not contain an odometer reading beginning and ending, or the photocopied results of an internet search. One possible solution would be the use of free internet based mapping programs. The union should keep in mind that the use of free mapping programs featured on the internet will produce varied results. In the future should the union use such a program, they should retain for its records a photocopy of any results used to estimate the mileage between two points.

## 2. Failure to Record Receipts

Local 1003 did not record in its receipts records a single employer dues check-off check totaling \$2,584.99 issued during the audit year. In this instance, because dues checks were sent to the home address of the Financial Secretary, it is believed that a change in the officer's residence during the year may have resulted in the check being lost. When contacted by OLMS, the employer confirmed that the dues check dated July 10, 2009 was in fact still outstanding. The audit also disclosed that the Local routinely holds dues checks for several months before depositing them into the general fund checking account. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

## 3. Receipt Dates not Recorded

Entries in Local 1003's general ledger reflect the date the union deposited money, but not the date 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.

Based on your assurance that Local 1003 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 Local 1003 for fiscal year ending December 31, 2009, was deficient in the following area:

4. Disbursements to Officers

Local 1003 did not include any reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office & Administrative Expense).

The union must report most direct disbursements to Local 1003 officers and employees 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).

I note that Local 1003 has filed an amended Form LM-3 for fiscal year ending December 31, 2009, which has corrected the deficient item discussed above. However, I am requesting that the union also file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the cash reconciliation so noted on the report. The 2007 LM-3 should be submitted to this office at the above address as soon as possible, but not later than close of business on May 28, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to United Transportation Union Local 1003 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,



Investigator

cc: Mr. Gary Lindner, President