



July 29, 2013

Mr. Stephen Linn, Secretary Treasurer  
Locomotive Engineers, IBT  
Division 700  
355 Southvue Drive  
Pittsburgh, PA 15236

Case Number: 150-10407 [REDACTED]  
LM Number: 007833

Dear Mr. Linn:

This office has recently completed an audit of Locomotive Engineers, IBT, Division 700, 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 July 19, 2013, 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.

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 Division 700's 2012 records revealed the following recordkeeping violations:

1. Lost Wages

Division 700 did not retain adequate documentation for lost wage reimbursement payments to General Chairman John Ciarolla totaling at least \$17,257.00. The union must maintain 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 OLMS audit found that Division 700 did retain expense vouchers but did not consistently identify the number of hours worked or the nature of the union business conducted.

The union pays the general chairman his salary and expenses on a monthly basis. Included in the monthly payment is a payment towards the general chairman's estimated lost time hours. The union was advised that their current practice of paying the general chairman an estimated amount for his lost time hours, without confirmation until the end of the year, was a recordkeeping violation. The union was directed to have the general chairman submit his monthly lost time hours on a monthly basis after the hours are lost and to document these hours on a correct form. Only then should a payment be made.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Division 700 may use to satisfy this requirement. The sample identifies the type of information and documentation that the division must maintain for lost wages and other officer expenses.

## 2. Failure to Record Receipts

Division 700 did not properly record in its receipts records the identity of all individuals making dues payments. For example, although the receipt of the dues money was recorded in division records, the identity of the individuals making the payments was not properly recorded. Division 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.

I want to extend my personal appreciation to Locomotive Engineers, IBT, Division 700 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: John Bangham, President