



November 18, 2013

Mr. James Ball, Treasurer  
Transportation Union Local 194  
57131 Westlake Drive  
Middlebury, IN 46540

Case Number: 310-3123603  
LM Number: 027650

Dear Mr. Ball:

This office has recently completed an audit of Transportation Union Local 194 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 November 13, 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.

#### 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 194 for the fiscal year ended December 31, 2012, was deficient in the following areas:

1. **Officer Paid More Than \$10,000 From Another Labor Organization**

Item 16 (Has any officer been paid \$10,000 or more by the local and also received \$10,000 or more as an employee of another labor organization) was answered "No." However, Item 16 should have been answered, "Yes," because Treasurer James Ball received more than \$10,000 compensation from Local 194 and received more than \$10,000 from the International Union as a field auditor.

When Item 16 is answered "Yes," provide in Item 56 (Additional Information) the name of each officer, the name of the other labor organization(s), and the officer's position in the other labor organization(s).

2. Disbursements to Officers and Employees

In Item 24 (All Officers and Disbursements to Officers), Local 194 reported the names and payments to some individuals who were not officers of the union. The union must report in Item 24 all persons who are officers of the union during the year as defined in Local 194's Bylaws, regardless of whether they received any payments from the union. All payments (less deductions) to other individuals who are employees of the union must be reported in Item 46 (To Employees).

The union must report most direct disbursements to Local 194 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). All payments to employees of the union must be reported in Item 46.

3. 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 194 amended its constitution and bylaws in 2012, but did not file a copy with its LM report for that year. However, Local 194 has now filed a copy of its constitution and bylaws with our office.

I want to extend my personal appreciation to Transportation Union Local 194 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