



August 4, 2014

Mr. Kenneth E. Moore, Secretary Treasurer
Locomotive Engineers Division 621
4532 Hallcliffe Rd
Lincoln, NE 68516

Case Number: 510-6002152
LM Number: 029936

Dear Mr. Moore:

This office has recently completed an audit of Locomotive Engineers Division 621 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, President Mark S. Beyke, Alternate Secretary Treasurer Eric Lanum and Vice President Bruce Faller on July 17, 2014, 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 621's 2013 records revealed the following recordkeeping violations:

1. Lost Wages

Local 621 did not retain adequate documentation for lost wage reimbursement payments to you and Local Chairman Scott J. Sughroue totaling at least \$5,559.99. 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 several instances where Local 621 did not identify either the date wages were lost, rate of pay, or provide a description of the union business conducted.

During the exit interview, we reviewed a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 621 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that, per Standing Rule #3, the membership is required to authorize disbursements that are more than \$260.00. However, the meeting minutes do not contain any reference to Sales Order Number 32682, dated June 21, 2013 in the amount of \$275.95 for BLET Shirts, Coffee Mugs and Hats. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 621 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 621 for the fiscal year ended December 31, 2013, was deficient in that the local did not include some reimbursements to officers totaling at least \$2,824.19 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to Local 612 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).

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I am not requiring that Local 621 file an amended LM report for 2013 to correct the deficient items, but Local 621 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Locomotive Engineers Division 621 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 solid black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Mark S. Beyke, President