



May 29, 2015

Mr. Nick Hagen, Financial Secretary-Treasurer
Transportation Communication Union, Lodge T-6266
16422 Ridgeland Avenue
Tinley Park, IL 60477

Case Number: 310-6003013()
LM Number: 004-098

Dear Mr. Hagen:

This office has recently completed an audit of Transportation Communication Union, Lodge T-6266 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 May 12, 2015, 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 Lodge T-6266's 2011 - 2013 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Lodge T-6266 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$8,531.02. For example supporting documentation was not

maintained to support the November 21, 2013 payment to Fox's Restaurant and Pub for hall rental for November monthly membership meeting.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lost Wages

Lodge T-6266 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$2,809.90 for 2013. 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 Lodge T-6266 did not retain some of the expense vouchers for lost-time and an employer attendance to identify the union business conducted and verify time lost.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Lodge T-6266 may use to satisfy this requirement. The sample identifies the type of information and documentation that the Lodge must maintain for lost wages and other officer expenses.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorized and approved all expenses at the monthly membership meeting. National Bylaws, Article 4 Section 15 states the Recording Secretary shall keep the minutes of all meetings. The Lodge maintained meeting minutes; however, the minutes of the meeting does not contain any reference to approval or authorization of expenses. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Lodge T-6266 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

4. Lack of Salary Authorization

Lodge T6-6266 did not maintain records to verify officers' monthly salaries/stipends were authorized. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Lodge T6-622 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 LM-3 filed by Lodge T-6266 for the fiscal year ending December 31, 2013 was deficient in that:

1. Disbursements to Officers (LM-3)

Lodge T-6266 did not include some reimbursements to officers totaling at least \$3,663.10 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 "Office and Administrative Expenses".

The union must report most direct disbursements to Lodge T-6266 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).

I am not requiring that Lodge T-6266 file an amended LM report for 2013 to correct the deficient items, but Lodge T-6266 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Transportation Communication Union, Lodge T-6266 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. Frederick Cazares III, President
Mr. Paul Kendall, International Auditor