



November 17, 2015

Mr. Douglas Elliot, President
United Transportation Union (UTU)
Local 878
3309 S. Airport Rd.
Marshall, TX 75672

Case Number: 420-6006306 [REDACTED]
LM Number: 007110

Dear Mr. Elliot:

This office has recently completed an audit of United Transportation Union (UTU) Local 878 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, Union Members [REDACTED], [REDACTED] on November 8, 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.

Record Keeping 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 878's 2014 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 878 did not retain adequate documentation for reimbursed expenses incurred by Local Chairman Bill McFadden totaling \$3,710.66 for airfare and two conventions that McFadden was authorized to attend.

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

Local 878 did not retain adequate documentation for lost wage reimbursement payments to Local Chairman Bill McFadden totaling at least \$7,123. 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 Local 878 only retains a log of the number of hours claimed by McFadden for lost wages.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 878 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.

Based on your assurance that Local 878 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 878 for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Secretary-Treasurer John Abernathy erroneously reported \$21,966 on line item 38. (Dues) and \$1,604 on line item 43. (Other Receipts). The correct reportable figure for line item 38 is \$23,570 and was correctly reported on line item 44. (Total Receipts)
2. Secretary-Treasurer John Abernathy erroneously reported an additional \$3,187 on line item 54. (Other Disbursements) that should be reported on Local 878's Labor Organization Annual Form LM-3 Report for the subsequent fiscal year.

Local 878 must file an amended Form LM-3 for the fiscal year ended December 31, 2014, to correct the deficient items discussed above. I encourage Local 878 to complete, sign, and file its

report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than November 30, 2015 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to UTU Local 878 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. John Abernathy, Secretary-Treasurer