



September 29, 2016

Mr. Matthew Swenson, Secretary Treasurer  
Maintenance of Way Employees, IBT  
Sub Lodge 702  
6073 Buttonbrook Road  
Milton, FL 32571

Case Number: 410-6007186  
LM Number: 041902

Dear Mr. Swenson:

This office has recently completed an audit of Maintenance of Way Employees, IBT, Sub Lodge 702 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 and President Ronald Carter on September 27, 2016, 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 Sub Lodge 702's 2015/16 records revealed the following recordkeeping violation:

#### Cash Reconciliation

The union's disbursement ledger did not have two checks in the total amount of \$64.45 annotated for the January-March 2016 period. This omission caused a \$64.45 cash reconciliation error as it applied to the bank statements. The union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Based on your assurance that Sub Lodge 702 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### 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-4) filed by Sub Lodge 702 for the fiscal year ended March 31, 2016, was deficient in the following area:

#### 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. Sub Lodge 702 amended its constitution and bylaws in 2012, but did not file a copy with its LM report for that year.

Sub Lodge 702 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Maintenance of Way Employees, IBT, Sub Lodge 702 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. Ronald Carter, President