



November 13, 2018

Ms. Giavanna Del Fatti, Secretary Treasurer
Texas Employee Federation of Exxon Pipeline Company
PO Box 1886
La Porte, TX 77572

Case Number: 420-6014845 [REDACTED]
LM Number: 055012

Dear Ms. Del Fatti:

This office has recently completed an audit of the Texas Employee Federation of Exxon Pipeline Company 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 Eric Julian on November 15, 2018, 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.

Recording 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 the Texas Employee Federation's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

The Texas Employee Federation did not retain adequate documentation for reimbursed mileage and per diem expenses incurred by Representative [REDACTED] totaling at least

\$248.32 and Representative [REDACTED] totaling at least \$268.65. The Texas Employee Federation also failed to maintain three receipts for debit card purchases made at the Hyatt Regency totaling at least \$1,441.71.

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. Meal Expenses

The Texas Employee Federation did not retain three receipts for meal Stadia Sports Grill expenses totaling at least \$119. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that the Texas Employee Federation 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 the Texas Employee Federation for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Officer Reporting

The Texas Employee Federation did not report Secretary Treasurer Giavanna Del Fatti in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

2. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away hats totaling more than \$2,071.76 during the year. The union must identify the type and value of any property received or given away in the additional

information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as “members” or “new retirees.”

3. Professional Fees

It appears that the Texas Employees Federation erroneously reported payments for arbitration fees and legal transcripts in Item 54 (Other Disbursements) instead of Item 49 (Professional Fees). The instructions for Item 49 state that the union should report total disbursements for “outside” legal and other professional services (auditing, economic research, computer consulting, arbitration, etc.) in this item.

I am not requiring that the Texas Employee Federation file an amended LM report for 2017 to correct the deficient items, but the Texas Employee Federation has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to the Texas Employee Federation 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,



Senior Investigator