



March 25, 2019

Mr. David Hines, VP Secretary-Treasurer
Treasury Employees Union Chapter 46
1100 Commerce St.
RM 833
Dallas, TX 75242

Case Number: 420-6014842
LM Number: 501856

Dear Mr. Hines:

This office has recently completed an audit of Treasury Employees Union Chapter 46 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 Candis Cardenas and 1st Vice-President Fount Rowel on February 7, 2019, 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 Chapter 46's 2018 records revealed the following recordkeeping violations:

1. Meal Expenses

Chapter 46 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges.

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

2. Disbursements Documentation

Chapter 46 did not retain adequate documentation for disbursements for travel totaling at least \$3,021. For example, no supporting documentation was available for a trip in January 2018 for travel advances for President Candis Cardenas, Secretary-Treasurer David Hines, Vice-President Fount Rowel, and 2nd Vice-President Rodney Pradier.

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.

Based on your assurance that Chapter 46 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 Chapter 46 for the fiscal year ended September 30, 2018, was deficient in that:

Disbursements to Officers

Chapter 46 did not include all reimbursements to Secretary-Treasurer David Hines. At least \$28,319 in reimbursements was not reported in Item 24 column E (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Chapter 46 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).

Chapter 46 has filed an amended Form LM-3 for the fiscal year ended September 30, 2018, to correct the deficient item discussed above.

Other Issue

Membership Meeting

Chapter 46 is required by their bylaws to hold at least one general membership meeting per year.

I want to extend my personal appreciation to Chapter 46 Treasury Employees Union 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

cc: Ms. Candis Cardenas, President
Mr. Fount Rowel, Vice-President Legislative