

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Nashville District Office
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January 30, 2007

Mr. Edward R. Brassell, General Chairman
Maintenance of Way Empls, IBT
SF
114 Canfield Place
Unit A8
Hendersonville, TN 37075

Re: Case Number: [REDACTED]

Dear Mr. Brassell:

This office has recently completed an audit of Allied Eastern Federation 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 Attorney Jonathan Karmel on January 26, 2007, 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.

The CAP disclosed the following violations:

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in

those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Allied Eastern Federation records revealed the following recordkeeping violations:

Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for reimbursed expenses and for expenses charged to the union's credit card. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

Other

Documentation was not maintained to substantiate all disbursements. In the future, please ensure that you retain all receipts, invoices, bills or other appropriate documentation for all disbursements made. If a vendor is unable to provide you with such documentation, create a receipt indicating the name, address and phone number of the vendor, as well as the purchase or service date and the amount and purpose of the expenditure.

Some checks that were voided and not issued were not retained. In the future, please ensure all voided checks are maintained.

Conclusion/Recordkeeping Violation(s)

As agreed, provided that Allied Eastern Federation maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

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The audit disclosed the following other issues:

One Signatory on Checks

The audit revealed that the checks were signed by only one officer. Mr. Brassell, during the exit interview, you advised me that both you and Dennis Elbers have always been the signatories on the checking account, but both of you began co-signing checks two weeks after our office reviewed the union's financial records. Since this procedure provides adequate financial safeguards, please continue this practice.

I want to extend my personal appreciation to Allied Eastern 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,



Investigator

cc: Jonathan D. Karmel