

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
New York District Office  
201 Varick Street  
Room 878  
New York, NY 10014  
(646)264-3190 Fax: (646)264-3191



November 7, 2008

Mr. David Deleon, President  
United Transportation Union  
Local 759  
30 Delawanna Avenue  
Clifton, NJ 07014

LM File Number 528-201  
Case Number: [REDACTED]

Dear Mr. Deleon:

This office has recently completed an audit of United Transportation Union Local 759 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 on August 26, 2008, 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 Local 759's 2006 records revealed that several checks had various clerical errors that were corrected by the union.

Based on your assurance that Local 759 will maintain 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 to accurately disclose their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by Local 759 for fiscal year ending December 31, 2006 was deficient in the following areas:

#### 1. Inaccurate Total Disbursements

The union's amended LM-3 report for the audit period reflects in Item # 54 a total disbursements amount of \$94,979.00. An entry in Local 759's checkbook register reflected a disbursement for \$3,429.63 for 2006 employee taxes. The audit disclosed that the union did not make any disbursement equaling this amount during the audit period and this entry was made in the union records in error. The audit also disclosed that this inaccurate disbursement entry of \$3,429.63 was incorporated in the total disbursements amount of \$94,979.00 on the amended LM 3 report. Based on these findings, an amended LM-3 report for fiscal year ending December 31, 2006 was required to correct the deficient items.

#### 2. Delinquent LM report

UTU Local 759 had not filed their Labor Organization Annual Financial Report LM-3 for 12/31/2007 which was due to have been filed by 3/31/2008. On September 19, 2008, UTU Local 759 filed an amended LM-3 report for 12/31/2006 to correct the deficiency. Also on that date, they filed their LM-3 report for 12/31/2007. OLMS will take no further enforcement action at this time.

Other Issues

During the audit, President David Deleon advised that it is Local 759's practice for Treasurer Antonio Ortiz to receive and disburse all money for and on behalf of the union. Deleon indicated that it is not the practice of the union to have anyone but Ortiz handle and review the receipts and disbursements of the union. OLMS recommends that Local 759 review these procedures and consider establishing an internal system of checks and balances to improve internal control of union funds.

I want to extend my personal appreciation to UTU Local 759 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 contact Investigator [REDACTED] at [REDACTED].

Sincerely,

[REDACTED]

Supervisory Investigator

cc: Antonio Ortiz, Treasurer