

U.S. Department of Labor

Office of Labor-Management Standards
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April 1, 2010

Ms. Deborah Johnson, Treasurer
Transit Union Local 192
8460 Enterprise Way
Oakland, CA 95621

LM File Number: 540-907
Case Number: [REDACTED]

Dear Ms. Johnson:

This office has recently completed an audit of Transit Union Local 192 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 Claudia Hudson, and Bookkeeper Doutje Schuler on March 29, 2010, 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 audit disclosed the following violations:

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 192's 2008 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 192 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries. The union provided that officers are entitled to receive the highest contract wage rate, which in July 2008 was \$39.81. However, the president received \$41.11/hour beginning in July 2008.

2. Information not Recorded in Meeting Minutes

During the audit, Ms. Johnson advised OLMS that the membership authorizes paid and unpaid bills at the monthly membership meetings. However, Local 192 maintained no minutes of March and May 2008 membership meetings. Minutes of all membership and executive board meetings must report any disbursement authorizations made at those meetings. All such minutes must be retained.

Based on your assurance that Local 192 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-2) filed by Local 192 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 [LM-2] (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 calendars totaling nearly \$6,000 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." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Sale of Supplies (LM-2)

Local 192 did not correctly report receipts from the sale of supplies or disbursements for supplies for resale. The audit revealed that during 2008, Local 192 disbursed at least \$1,050 for items that it re-sold to members, collecting receipts totaling at least \$1,050. The LM-2 instructions require that the union report receipts from the sale of supplies in Item 39 (Sale of Supplies) and disbursements for supplies for resale in Item 59 (Supplies for Resale).

3. Statement B

The purpose of Statement B is to report the flow of cash in and out of your organization during the reporting period. Since Statement B reports all cash flowing in and out of your organization, "netting" is not permitted. "Netting" is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement. The union collected, deposited, and refunded security deposits totaling \$15,000 for hall rentals but the transactions were not reflected in Statement B.

4. Fixed Assets

A multi-year analysis of Items 22-28 (Assets), shows a discrepancy between Column A (Assets at the Start of the Reporting Period) with Item 60 (Purchase of Investment or Fixed Assets), Item 43 (Sale of Investment and Fixed Assets), and Column B (Assets at the End of the Reporting Period). Fixed assets were correctly reported in Schedule 4 as purchases but not included in Schedule 6 which reports the Cost or Other Basis of Office Furniture and Equipment.

I am not requiring that Local 192 file an amended LM report for 2008 to correct the deficient items, but Local 192 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Transit Union Local 192 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: Ms. Claudia Hudson, President