



May 9, 2012

Mr. Dennis Kaufman, Treasurer  
Amalgamated Transit Union Local 416  
[REDACTED]

Case Number: [REDACTED]  
LM Number: 008322

Dear Mr. Kaufman:

This office has recently completed an audit of Amalgamated Transit Union Local 416 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 on May 1, 2012, 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 416's 2010 records revealed the following recordkeeping violations:

### 1. General Expenses

Local 416 did not retain adequate documentation for expenses incurred by the union totaling at least \$1,000.00. For example, check number [REDACTED] dated April 8, 2010 for \$400.00 payable to [REDACTED] and check number [REDACTED] dated February 15, 2010 for \$200.00 payable to the Special Assistance Fund did not have any supporting documentation.

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

Local 416 officers did not submit itemized receipts for meal expenses totaling at least \$700.00. 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.

Local 416 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, reimbursements to President Ron Cox on check number [REDACTED] dated September 9, 2010 for \$261.35 and on check number [REDACTED] dated November 16, 2010 for \$230.30 did not list the names of the persons incurring the 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.

### 3. Receipts and Disbursements Journals

Local 416 did not maintain receipts and disbursements journals. Unions should retain financial records that clarify or verify any report filed with the Office of Labor Management Standards (OLMS). Local 416 should maintain receipts and disbursements journals (or similar records) to record all monies received and spent by the union.

Based on your assurance that Local 416 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 Local 416 for the fiscal year ended December 31, 2010, was deficient in the following areas:

#### 1. Disbursements to Officers

Local 416 did not include reimbursements and lost time payments to officers totaling at least \$8,000.00 in the amounts reported Item 24 (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 Local 416 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).

#### 2. Reported Bonding

Local 416 did not correctly report the amount of its fidelity bonding coverage in Item 20 (What is the maximum amount recoverable under your organization's fidelity bond?). The audit revealed that the union has a fidelity bond of \$20,000 with the Fidelity and Deposit Company of Maryland.

#### 3. Disbursement Reported as Receipt

Local 416 incorrectly reported a dues refund to a member as a receipt in Item 43 (Other Receipts) of the LM report. The dues refund should have been properly reported as a disbursement in Item 54 (Other Disbursements) of the report.

Local 416 has agreed to properly report the deficient items on all future reports it files with OLMS. Local 416 has filed its LM report for 2011 which corrected the deficient items listed above. Therefore, I am not requiring Local 416 to file an amended LM report for 2010.

Mr. Dennis Kaufman

May 9, 2012

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I want to extend my personal appreciation to Amalgamated Transit Union Local 416 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: Mr. Ron Cox, President