

U.S. Department of Labor

Employment Standards Administration
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March 21, 2008

Mr. Thomas Ragghianti, Secretary / Treasurer
Transportation Union Ind, Local 1348
479 S. 190th Street
Burien, WA 98148

LM File Number: 029-771
Case Number: [REDACTED]

Dear Mr. Ragghianti:

This office has recently completed an audit of UTU 1348 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 March 11, 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 1348's 2007 records revealed the following recordkeeping violation:

Information not Recorded in Meeting Minutes

During the audit, Mr. Ragghianti advised OLMS that many union expenses and disbursements are authorized at general membership meetings. These authorizations should be noted in the meeting minutes, which are kept as records of approval. UTU 1348 failed to maintain meeting minutes for all meetings during the 2007 fiscal year at which expenses were authorized by the membership.

Based on your assurance that Local 1348 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 1348 for fiscal year ending December 31, 2007, was deficient in the following areas:

Disbursements to Officers

Local 1348 did not include some reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Local 1348 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).

I am not requiring that Local 1348 file an amended LM report for 2007 to correct the deficient items, but Local 1348 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Use of Signature Stamp

During the audit, Mr. Ragghianti explained that it is Local 1348's practice for the treasurer to sign all union checks and to stamp the signature of the president on union checks. Mr. Ragghianti indicated that no one else reviews the checks before they are issued. Article 64, lines 14-15 of Local 1348's bylaws requires that checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1348 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to UTU 1348 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: Rick Maj, President