

**U.S. Department of Labor**

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June 23, 2009

Mr. Martin Murphy, President  
United Transportation Union  
Local 262  
19 Rexford Road  
Plymouth, MA 02360

LM File Number 021-861

Case Number: [REDACTED]

Dear Mr. Murphy:

This office has recently completed an audit of Transportation Local 262 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 06/19/09, 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 262's 2007 records revealed the following recordkeeping violations:

#### Receipt Dates not Recorded

Entries in Local 262's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 262 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-2 / LM-3) filed by Local 262 for fiscal year ending December 31, 2007 was deficient in that or deficient in the following areas:

- 1) Cash Reciepts

It appears that the figures reported in Item 38 (Dues) are not the cash figures according to the union's books after reconciliation with bank statements. The instructions for Item 38 (Dues) state that if an intermediate or parent body receives dues checkoff directly from an employer on behalf of your organization, do not report in Item 38 the portion retained by that organization for per capita tax or other purposes, such as special assessment.

## 2) Cash Disbursements

It appears that the figures reported Item 47 (Per Capita Tax) are not the disbursements figures according to the union's books after reconciliation with bank statements.

## 3) Cash Reconciliation

Your union's reported cash figures for the reporting period do not balance (reconcile). Specifically, cash at the start of the reporting period (Item 25(A)) plus total receipts (Item 44) minus total disbursements (Item 55) does not equal cash at the end of the reporting period (Item 25(B)). As discussed above, the numbers reported as cash receipts and cash disbursements have created a cash reconciliation error.

Local 262 must file an amended Form LM-4 for fiscal year ending December 31, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-4 should be submitted to this office at the above address as soon as possible, but not later than July 3, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

### Other Issues

The audit disclosed the following other issue:

#### Two Signatures on Checks

During the audit, you advised that it is the policy of Local 262 to have the President and the Treasurer sign all checks that are sent to United Transportation

Union International, but that the local requires only the Treasurer's signature on all other disbursements. Article 59 of the United Transportation Union Constitution indicates that it is the duty of the Local President to "countersign all disbursements issued by check or draft." 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.

I want to extend my personal appreciation to Transportation Local 262 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,

Mark Letizi  
District Director

cc: Chris Waugh, Treasurer