



November 27, 2013

Mr. Chris Bruce, President  
Amalgamated Transit Union Local 22  
59 William Street  
Worcester, MA 01609

Case Number: 110-1117678  
LM Number: 544139

Dear Mr. Bruce:

This office has recently completed an audit of Amalgamated Transit Union Local 22 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 Business Agent/Financial Secretary Ken Kephart on November 26, 2013, 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 Amalgamated Transit Union Local 22's 2012 records revealed the following recordkeeping violations:

1. General Expenses and Credit Card Expenses

Local 22 did not retain adequate documentation for expenses and credit card disbursements incurred by union officers and employees. The local had expenses totaling at least \$869.60 for which there were either no validating receipts/bills, or the receipts were not documented with the union purpose. For example, the local had no receipts for \$490 disbursed to two different American Legion Posts to rent rooms for meetings.

As previously 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. Lost Wages

Local 22 did not retain adequate documentation for lost wage disbursements for officers and employees totaling at least \$14,822.69. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that while Local 22 did not retain union lost wage vouchers, it did have invoices from the employer noting the names of the union members receiving lost time and the total hours and amount paid to each.

During the exit interview, I provided a sample of an expense voucher Local 22 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

## 3. Receipt Dates Not Recorded

Entries in Local 22's financial ledger reflect the dates the union deposited money, but not the date money was received. Union receipt 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 Amalgamated Transit Union Local 22 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 LM-3 filed by Amalgamated Transit Union Local 22 for fiscal year ending December 31, 2012, was deficient in the following areas:

#### 1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books as reconciled to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on the bank statements. The local also failed to report \$240 in undeposited vending machine receipts in Item 43 (Other Receipts).

#### 2. Disbursements to Officers

Local 22 did not include some disbursements to officers totaling at least \$17,235 in Item 24 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 22 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).

#### 3. Purchase of Fixed Assets

Local 22 failed to report the purchase of a coffee maker and two microwaves in Item 52 (Purchase of Investments and Fixed Assets). The purchases totaled \$240 and were made by using undeposited receipts. The local also failed to note the purchases in Item 29 (Fixed Assets).

Amalgamated Transit Union Local 22 must file an amended Form LM-3 for fiscal year ending December 31, 2012, to correct the deficient items discussed above. I 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-3 should be submitted to this office at the above address as soon as possible, but not later than December 30, 2013. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

The audit disclosed the following other violation(s):

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires the union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 22's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Amalgamated Transit Union Local 22 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: Ken Kephart, Financial Secretary