



July 17, 2013

Mr. Donny Tyndall, President
Transport Workers AFL-CIO Local 502
215 Richmond Street
El Segundo, CA 90245

Case Number: 520-13451 [REDACTED]
LM Number: 032965

Dear Mr. Tyndall:

This office has recently completed an audit of Transport Workers AFL-CIO Local 502 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, Secretary-Treasurer Peter Savino III, and bookkeeper Kellee Dunigan on June 17, 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 Local 502's FY 2011 records revealed the following recordkeeping violations:

General Reimbursed and Credit Card Expenses

Local 502 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Vice President Steve Marr totaling at least \$927.34 in expenses

repaid by Marr via payroll deductions. None of Mr. Marr's personal expenses were discussed in the Executive Board or General Membership minutes. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

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.

Based on your assurance that Local 502 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 502 for the fiscal year ended December 31, 2011, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 502 did not report any payments or reimbursements to officers and employees payments to officers and employees totaling at least \$86,573.09 in Schedule 11 (All Officers and Disbursements to Officers) and at least \$40,175.44 in Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Personal use of Credit Cards

The audit disclosed that during the period of May 20, 2009 through March 10, 2011, Vice President Steve Marr charged \$1,938.29 in unauthorized credit card charges which he paid back in three payroll deductions. There is no report of these charges or repayment on the

union's LM report. These charges and repayment must be mentioned and explained in an Amended LM report, specifically item 13 and 69.

3. Other Assets Reconciliation

It appears that the Other Asset figure reported in Item 28(B) is not the figure according to Local 502's books after reconciliation to the bank statements. The instructions for Item 28 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

As instructed by OLMS, on July 17, 2013, Local 502 filed an amended Form LM-2 for the fiscal year ended 12/31/2011, to correct the deficient items discussed above.

I want to extend my personal appreciation to Transport Workers AFL-CIO Local 502 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: Peter Savino III