

**U.S. Department of Labor**

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September 9, 2008

Mr. Richard Davis, President  
Transit Union AFL-CIO  
Local 1498  
421 Seminole Drive  
Independence, MO 64056

LM File Number 025-349  
Case Number: [REDACTED]

Dear Mr. Davis:

This office has recently completed an audit of Transit Union Local 1498 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 and Bookkeeper Kathy Engle on September 4, 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.

The CAP disclosed the following violations:

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the

case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 1498's 2007 records revealed the following recordkeeping violations:

#### General Recordkeeping

Local 1498 did not adequately maintain all of its disbursement records as required. The AT&T phone bills on file for the president were copies, and the local must maintain the original invoices from the service provider. Also, the photocopies sent by the bank of cancelled checks for the months of October, November, and December of 2007 were not maintained with the local's records. As described above, all original bills and bank records for union accounts must be maintained by the local for at least 5 years. We discussed this during the exit interview, and you agreed to keep these records in the future.

As agreed, provided that Local 1498 maintain adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

#### Reporting Violations

The CAP 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 1498 for fiscal year ending December 31, 2007, was deficient in the following area:

LM-3 Item 24 (All Officers and Disbursements to Officers)

Local 1498 failed to include a reimbursement to an officer in Item 24 (All Officers and Disbursements to Officers).

All direct disbursements to Local 1498 officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

The local did not report one expense check paid to Financial Secretary Anthony Valentino for \$240.64. Kathy Engle, who fills out your LM-3 report, explained that it was a re-issued check to make up for a check from 2005 that had never been cashed and that is why she did not think to report it on the 2007 report. I explained to both you and Ms. Engle during the exit interview that the LM-3 report is on a cash basis and every check written in a given year must be reported for that year even if it is paying for a purchase or service rendered in a different year. You both understood and agreed to report payments properly in the future.

I am not requiring that Local 1498 file an amended LM report for 2007 to correct the deficient items, but as agreed, Local 1498 will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation to Transit Union Local 1498 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,



Mr. Richard Davis  
September 9, 2008  
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Investigator

cc: Anthony Valentino, Financial Secretary