



October 28, 2010

Gerald Ashley, Secretary Treasurer  
Transportation Union Ind  
Local Union 1007  
36 Spring Street  
Norwood, NY 13668-1114

Case Number: [REDACTED]  
LM Number: 008-859

Dear Mr. Ashley:

This office has recently completed an audit of Transportation Union Local 1007 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 President Charles La Due, Vice President Kenneth Carpenter, Trustee Wade Hicken and yourself on October 26, 2010, 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 1007s 2009 records revealed the following recordkeeping violations:

1. General Reimbursed & Travel Expenses

Local 1007 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$1,297. For example, there were no receipts to support payments made on June 23, 2009 for \$707.30 to Milton Brill and \$287.54 to Gerald Ashley.

In addition, Local 1007 did not retain adequate documentation for reimbursed travel expenses incurred by union officers attending the Regional Meetings totaling at least \$4,000. For example, no receipts were retained for a payment to Milton Brill totaling \$2,000 for his attendance at the Regional Meeting in New Orleans during 2009.

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.

2. Reimbursed Auto Expenses

Union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them. For example, officers Wade Hicken and Gerald Ashley were each compensated \$162.75 for travel to the monthly meeting in Syracuse. Although it was approved in the minutes to pay them for their travel, no other documentation was retained.

The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Information not Recorded in Meeting Minutes

During the audit, OLMS was advised that the membership authorizes the bills of allowance at each of the monthly meetings held and furthermore, checks are only written at the meetings once approval is made. It was found that in some cases, the minutes of the meeting did not contain any reference to those certain bills of allowance. In other cases, Local 1007 did not maintain minutes of the meeting or retain them in their entirety.

Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings and it is the union's responsibility to maintain these minutes in accordance with the recordkeeping requirement of Title II of the LMRDA.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1007's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

#### Other Violation

The audit disclosed the following potential violation:

##### Bonding

Section 502 (Bonding) of the LMRDA requires that 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. On the LM-3 Form for fiscal year ending December 31, 2009, Local 1007 reported the maximum amount recoverable under the organization's fidelity bond was \$75,000.

The union's bond certificate or proof of bonding coverage was not present during the audit and therefore, adequate bonding coverage could not be verified.

As agreed, please provide proof of bonding coverage to this office as soon as possible, but not later than November 26, 2010.

#### Other Issue

##### Expense Policy

As I discussed during the exit interview, the audit revealed that Local 1007 does not have a clear policy regarding the types of expenses that may be claimed for reimbursement and furthermore, the specifics regarding how and when travel expenses can be reimbursed by union.

Specifically, as we discussed, OLMS recommends that the union adopt clear written guidelines for reimbursed travel expenses. The Compliance Assistance Tips provided to you, and enclosed, suggests that unions answer questions in as much detail as possible to establish a written policy. This policy should be reviewed periodically and updated as necessary. Section 206 of the LMRDA requires the union to maintain records that are sufficient to permit the reports to be verified, explained and checked for accuracy and completeness. These components should be considered when devising a travel expense policy.

Mr. Gerald Ashley

October 28, 2010

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I want to extend my personal appreciation to Transportation Union Local 1007 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: Mr. Charles La Due, President  
Mr. Kenneth Carpenter, Vice President  
Mr. Wade Hicken, Trustee