



August 2, 2010

Mr. Jimmy L. Crutcher, President
Transit Union AFL-CIO, Local 1235
2001 Elm Hill Pike
Nashville, TN 37210

Case Number: [REDACTED]
LM Number: 036944

Dear Mr. Crutcher:

This office has recently completed an audit of Transit Union AFL-CIO, Local 1235 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 Treasurer Valeria Smith on May 18, 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 and services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt of 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 1235 2009 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 1235 did not record in its receipts records some employer dues checkoff checks. For example, a check in the amount of \$12,889.45 was deposited on December 21, 2009 into the union account, but never recorded in the union records. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. Failure to Maintain Records for Bank Account

Local 1235 did not record in its records the monies or transactions for a checking account at Regions Bank. This account did not have a union receipt or disbursement log/ledger or any type of electronic union record. Union receipt/disbursement records must include an adequate identification of all money the union receives and/or spends. The records should show the date and amount received, the date and amount spent, and the source of the money. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

3. Information not Recorded in Meeting Minutes

Section 13.5 of the Constitution and General Laws of the Amalgamated Transit Union, as amended September 17-21, 2007, requires that any expenditures other than those that are normal and routine or specifically provided for by the local by-laws must be authorized by the a majority vote of the membership of the local. However, the minutes of the meeting do not contain any reference to verify the approval for Jimmy L. Crutcher, Local 1235 President, to be reimbursed for his expenses for attending the Joint Conference in Cincinnati, Ohio from August 13-14, 2009. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based upon your assurance that Local 1235 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-3) filed by Local 1235 for the fiscal year ended December 31, 2009, was deficient in the following areas:

Disbursements to Officers

Local 1235 did not include some reimbursements to officers totaling at least \$2,623 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). In addition, it appears the union erroneously reported \$1,626 in Column D of Item 24 that should have been reported in Column E for President Jimmy L. Crutcher and \$37.00 in Column D of Item 24 that should have been reported in Column E for Treasurer Valeria Smith.

The union must report most direct disbursements to Local 1235 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).

I want to extend my personal appreciation to Transit Union AFL-CIO, Local 1235, 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. Jimmy L. Crutcher, President
Ms. Valeria Smith, Treasurer