

U.S. Department of Labor

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Office of Labor-Management Standards
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January 14, 2010

Ms. Marcia Bruins, Secretary Treasurer
Transportation Workers AFL-CIO Local 505
1521 Rollins Road
Burlingame, CA 94010

LM File Number: 032-995
Case Number: [REDACTED]

Dear Ms. Bruins:

This office has recently completed an audit of Transport Workers, AFL-CIO, Local Union 505 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, President Michael Mayes, and Vice President Robert Todd on January 13, 2009, 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 505's 2008 records revealed the following recordkeeping violations:

1. Land and Building

The union did not maintain records necessary to determine the value of the land and building located at 1521 Rollins Road, Burlingame, California, that is required to be reported on Statement A, Assets and Liabilities, in Item 28 (Investments), 29 (Fixed Assets), or 30 (Other Assets), depending on which subsidiary reporting method the union chooses to follow.

2. General Reimbursed Expenses

Local 505 did not retain adequate documentation for travel expenses including meals, lodging, and other expenses incurred by a union officer totaling at least \$4,598.00.

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.

Based on your assurance that Local 505 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 violations 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 Transport Workers Local 505 for fiscal year ending December 31, 2008, was deficient in the following areas.

1. Failure to File By-laws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution or by-laws with its LM report when it makes changes to its constitution or by-laws. Local 505 amended its by-laws in 2004, but did not file a copy with its LM report for that year.

Transport Workers Local 505 has now filed a copy of its 2004 by-laws.

2. Failure to Properly Report Subsidiary Organization

Information Item 10, Subsidiary Organizations, requires unions to answer "Yes" and provide in Item 56, Additional Information, the name, address, and purpose of each subsidiary organization, and indicate whether the information concerning its financial condition and operations is included in the LM-3 report or in a separate report. Local 505 failed to answer "Yes" and include the required additional information in Item 56 for its wholly-owned building corporation, which owns the land and building located at 1521 Rollins Road, Burlingame, California.

Labor organizations are required to report financial information for each of their subsidiary organizations using one of three methods:

1. Consolidate the financial information for the subsidiary organization and the labor organization on a single Form LM-3.
2. Complete a separate Form LM-3 for the subsidiary organization and file it with the labor organization's Form LM-3.
3. File, with the labor organization's Form LM-3, the regular annual report of the financial condition and operations of the subsidiary organization, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles.

When method 2 or 3 is used, if the subsidiary is an investment, the financial interest of the reporting labor organization in the subsidiary organization

must be reported in Item 28 (Investments). If the subsidiary is of a non-investment nature, the financial interest of the labor organization in the subsidiary must be reported in Item 30 (Other Assets).

Local 505 failed to properly report the financial interest of its wholly-owned building corporation under any of the above three methods on its Form LM-3 for fiscal year ending December 31, 2008.

I am not requiring that Transport Workers Local 505 file an amended LM report for 2008 to correct the deficient items, but Local 505 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Transport Workers Local 505 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. Michael Mayes, President
Mr. Robert Todd, Vice President
Mr. James Jajeh, CPA