



March 31, 2022

Mr. Arthur Maratea, National President
Transportation Communications Union/IAM NHQ
3 Research Place
Rockville, MD 20850

Case Number: 041-6022653 [REDACTED]
LM Number: 000-196

Dear Mr. Maratea:

This office has recently completed an audit of Transportation Communications Union/IAM (TCU) under the International Compliance Audit Program (I-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 National Secretary Treasurer Stanley Boyd and Controllers [REDACTED] and Tony Ndungu on March 25, 2022, the following problems were disclosed during the I-CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope. Based on your assurance that TCU will remedy the areas of non-compliance with the LMRDA, OLMS will take no further action regarding the audit findings at this time.

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 (unless electronically maintained) 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 TCU's 2020 records revealed the following recordkeeping violations:

1. Meal Expenses

TCU did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$33,000. For example, on February 9, 2020, National Secretary Treasurer

Stanley Boyd incurred a meal expense at Sardelli's Restaurant, totaling \$1,407.91. The purpose of the meal expenses was for "CRLO/EC Meeting" and there were seven individuals identified on the receipt as being present. The only receipt retained was a credit card signature receipt. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

2. Union Owned/Leased Vehicles

TCU did not maintain records necessary to verify the accuracy of the information reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2. TCU incurred expenses totaling at least \$20,000 for gas and other automobile expenses during 2020. Officer and employees submitted "automobile usage worksheets" which included annual totals for business, commuting, and personal miles, but at least three officers did not maintain detailed mileage logs.

The LM-2 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Schedules 11 and 12 of the LM-2, allocated to the officer or employee to whom each vehicle is assigned. For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

3. Receipt Dates not Recorded

During the audit year, TCU did not regularly record the dates it received checks at the union office. The majority of the union's payments are received either electronically or are mailed by the payer directly to a bank lockbox where they are recorded and deposited. In cases where a check was mailed to the union office rather than the lockbox, TCU forwarded the check to the lockbox. Some records of these checks were created but not retained. Therefore, entries in TCU's receipts journal reflect the date the union deposited these checks, but not the date money was actually received.

Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them. TCU implemented a new process to record receipts that are received at the union office before they are mailed to the lockbox.

4. Petty Cash

TCU did not maintain adequate documentation for disbursements made from the petty cash fund, totaling at least \$4,200. For example, between January 23, 2020, and December 15, 2020, at least \$1,800 was disbursed from the petty cash fund, but no supporting receipts or invoices were retained. In addition, petty cash records did not always include written explanations of the union purpose. For each petty cash disbursement, the union must maintain a record that identifies the date, amount, and purpose of each disbursement. TCU has implemented a new petty cash log to ensure the proper supporting documentation is maintained.

Based on your assurance that TCU will retain adequate documentation in the future to comply with the requirements outlined above, OLMS will take no further enforcement action at this time regarding these issues.

Reporting Violations

Section 201(b) of LMRDA 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 TCU for the fiscal year ended December 30, 2020 was deficient in the following areas:

1. Subsidiary Organization

Item 11b (During the reporting period did the labor organization have a subsidiary organization as defined in Section X of these Instructions?) was correctly answered, "Yes." TCU identified the name, address, and purpose of its subsidiary. However, TCU did not disclose that the information concerning the financial condition and operations of the subsidiary was included in the Form LM-2 in Item 69 (Additional Information).

2. Acquire/Dispose of Property

Item 15 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union and/or its subsidiary organization gave away steak assortments and gift cards during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

3. Disbursements to Officers and Employees

TCU did not correctly report some payments to an officer totaling at least \$57,000 in Schedule 11 (All Officers and Disbursements to Officers). During the audit year, Robert

Scardelletti retired from the position of National President. In lieu of moving expenses, Mr. Scardelletti received a payment equivalent to two months of salary. This payment was not for salary, bonus, severance, or accrued vacation, and as such, should not have been included in Column D (Salary) of Schedule 11. Rather, this payment in lieu of relocation expenses must be reported in Column G (Other Disbursements) of Schedule 11.

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.

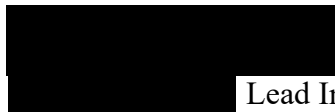
4. Failure to File Constitution

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. TCU amended its constitution in 2018, but did not file a copy with its LM report for that year. TCU has now filed a copy of its constitution.

I am not requiring that TCU file an amended LM report for 2020 to correct the deficient items, but TCU has agreed to properly report the deficient items on future reports.

I want to extend my personal appreciation to TCU 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,



Lead Investigator
International Compliance Audit Program

cc: Mr. Stanley Boyd, National Secretary Treasurer (via email)