



May 6, 2024

Ms. Margie Sullivant, President
Transit Union AFL-CIO LDIV 19
721 South 23rd Street
Colorado Springs, CO 80904

Case Number: 510-6027551()
LM Number: 033484

Dear Ms. Sullivant:

This office has recently completed an audit of Transit Union AFL-CIO LDIV 19 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 Margie Sullivant, Financial Secretary Sharon Clements, and Recording Secretary Noah Harper on April 19, 2024, 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.

Record Keeping 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 19's 2022 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses and Good and Welfare Payments

Local 19 did not retain adequate documentation for reimbursed expenses totaling at least \$432.84. For example, the following reimbursements to officers lacked support

documentation: \$188.00 to former President Salvador Pozos on 1/21/2022 for rent on the local's PO Box; \$144.84 to President Margie Sullivant on 1/8/2022 for food for meetings; and \$100.00 to President Margie Sullivant on 5/13/2022 for office supplies.

In addition, Local 19 did not retain adequate documentation for some Good and Welfare payments, totaling at least \$1,450, made to members. Local 19's bylaws allow for Good and Welfare payments to members for hospitalizations, deaths, retirement, and extended sick leave. Union records for Good and Welfare payments should at a minimum include the recipient of the payment and the reason for the payment. Local 19 has started keeping vouchers to satisfy the recordkeeping requirement for Good and Welfare payments

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. Lost Wages

Local 19 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$9,171.36. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 19, in some instances failed to retain lost wages vouchers that would show the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 19 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Failure to Properly Record Receipts

Local 19 receipt records did not include an adequate identification of all money the union received. For money it receives, union records should show the date, amount, purpose, and source of the money. Required information was missing for receipts totaling at least \$452.50. For example, on 1/31/2022 the local deposited \$283.50 labeled as "balance adjustment" and on 7/13/2022 it deposited \$169.00 labeled as "employees that were out paying dues." Information about when the union received these payments, the source of the payments, and the purpose of the payments is missing.

In addition, employer checkoff lists were missing from Local 19 records. Local 19 should receive and maintain checkoff lists from employers to support the dues payments that are collected from members via employer checkoff. The checkoff lists are necessary to show which members the payments are from and the amount each member paid.

Finally, according to executive board meeting minutes from 2/12/2022, the local received a payment from a member of \$300.00 for per capita dues while on workman's comp. The member stated that she made this payment to the union in cash. This receipt was not recorded in union receipt records, and OLMS was unable to find a corresponding deposit into the union's bank account for this payment.

Based on your assurance that Local 19 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 19 for the fiscal year ended December 31, 2022, was deficient in that or deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 19 did not include some reimbursements to officers totaling at least \$10,537 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense) and 54 (Other Disbursement).

The union must report most direct disbursements to Local 19 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).

2. Salary Payments to Officers

Local 19 overreported salary payments to Financial Secretary Sharon Clements. Due to possible bookkeeping error, Clement's salary was reported in Column D of Item 24 as \$12,207, but her actual salary was \$11,814.

3. Failure to File Bylaws

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. Local 19 amended its constitution and bylaws in 2021 but did not file a copy with its LM report for that year.

Local 19 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 19 file an amended LM report for 2022 to correct the deficient items, but Local 19 has agreed to properly report the deficient items on all future reports it files with OLMS.

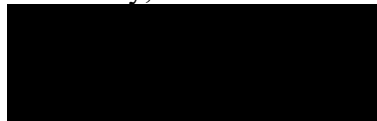
Other Violations

The audit revealed a violation of LMRDA Section 502 (Bonding), which 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.

The audit revealed that Local 19's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 19 obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Transit Union AFL-CIO LDIV 19 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator