

U.S. Department of Labor

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May 16, 2008

Mr. Michael Reedy, General Chairman
Transportation Union
General Committee of Adjustment 225
307 W. Layton Ave
Milwaukee, WI 53207

LM File Number: 011-348
Case Number: [REDACTED]

Dear Mr. Reedy:

This office has recently completed an audit of Transportation Union General Committee of Adjustment 225 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 on the above date, 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 GCA 225's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed

GCA 225 did not retain adequate documentation for some reimbursed expenses incurred by officers and employees totaling at least \$1,896.06. For example, you received \$1,447.98 as reimbursement for "expenses incurred at the reorganization meeting." The only supporting documentation found in the union records was a copy of your personal credit card statement, which is not sufficiently descriptive for expenses.

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. Meal Expenses

GCA 225 records of meal expenses did not always include written explanations of union business conducted. For example, multiple meal expenses indicated the purpose of the meal was "luncheon meeting," which is not sufficiently descriptive. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that General Committee of Adjustment 225 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-2) filed by GCA 225 for fiscal year ending December 31, 2007 was deficient in the following areas:

1. Officers Not Listed

The names of some officers who held office during the year were not reported in Schedule 11 (All Officers and Disbursements to Officers) with the total amount of payments to them or on their behalf. Only six officer positions are identified in Schedule 11. The audit revealed that GCA 225 has at least one other elected officer, Recording Secretary Steven Staley, who is not identified in Schedule 11. The names of all persons who held office during the year must be reported in Schedule 11 regardless of whether or not they received any payments from GCA 225.

2. Disbursements to Officers

GCA 225 did not include some payments to officers and employees totaling at least \$14,457.49 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). For example, Recording Secretary Steven Staley received \$6,225.91 for gross salary and \$3,304.54 in reimbursed expenses. However, Mr. Staley and the payments made to him are not listed on Schedule 11. As another example, Vice Chairman Robert Alba received \$3,884.70 in gross wages and \$1,042.35 in reimbursed expenses, but no expenses were reported next to his name in Schedule 11. It appears that the GCA 225 erroneously reported these payments in Schedules 15 through 19.

GCA 225 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, indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur must be reported in Column F of Schedules 11 and 12. However, 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 must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

3. Hotel Allowances Reported as Disbursements for Official Business

GCA 225 is improperly reporting hotel allowances to officers in Column F (Disbursements for Official Business) instead of Column E (Allowances Disbursed) of Schedules 11 and 12. During the audit, you advised that GCA 225 officers and employees are reimbursed \$113 per diem for meals and lodging for overnight travel. During 2007, you received \$7,119 in per diem. Officers and employees do not submit hotel receipts to the union since they receive an allowance, rather than the actual costs of lodging.

According to the LM-2 instructions, you must report in Column E the total allowances made by direct and indirect disbursements to each officer on a daily, weekly, monthly, or other periodic basis. Disbursements for meals and mileage must be reported in Column F (Disbursements for Official Business) and Column G (Other Disbursements not Reported in D thru F). Therefore, the portion of the per diem disbursed which is allotted for hotel expenses must be reported in Column E.

General Committee of Adjustment 225 must file an amended Form LM-2 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than June 19, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to Transportation Union General Committee of Adjustment 225 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