

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
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February 11, 2009

Ms. Stacey Jones, Financial Secretary
Transit Union AFL-CIO
Local 1552
6620 Woodlawn Road
Verona, PA 15147

LM File Number 505-315
Case Number: [REDACTED]

Dear Ms. Jones:

This office has recently completed an audit of Transit Union 1552 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 February 4, 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.

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 1552 for fiscal year ending June 30, 2008 was deficient in the following areas:

Disbursements to Officers (LM-3)

Local 1552 did not include some reimbursements to officers totaling at least \$5,250 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears

the union erroneously reported these payments in Item 54 (Other Disbursements). It also appears that the union included only monthly salary in Item 24 Column (D) while including lost time in Item 24 Column (E). All gross salary including lost time must be included in Column (D). Enter in Column (E) all other direct and indirect disbursements to officers, other than salary and lost time.

Additionally Local 1552 netted the National Convention and Eastern Conference advances and subsequent return of unused monies. The netted amounts appear to have been reported in Item 54 instead of Item 24.

The union must report most direct disbursements to Local 1552 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 am not requiring that Local 1552 file an amended LM report for 2008 to correct the deficient items, but Local 1552 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

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 1552's officers and employees were not bonded for the minimum amount required at the time of the audit. Local 1552's officers are currently bonded for \$7,500, but they must be bonded for at least \$9,444. You have requested the

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bond be increased through the International. Please provide proof of bonding coverage to this office as soon as possible, but not later than February 27, 2009.

I want to extend my personal appreciation to Transit Union 1552 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,



Supervisory Investigator

cc: Lori Krapf, President