

U.S. Department of Labor

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April 27, 2009

Mr. Joseph Hughes, President
Transport Workers AFL-CIO
Local 289
855 Gainsboro Road
Drexel Hill, PA 19026

LM File Number 537-308
Case Number: [REDACTED]

Dear Mr. Hughes:

This office has recently completed an audit of Transport Workers Local 289 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 Vice President Jacque Rodgers and you on April 23, 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 289's 2008 records revealed the following recordkeeping violations:

1. Failure to Maintain Supporting Documentation for Disbursements

Local 289 did not retain adequate documentation for some expenses and credit card expenses incurred by Vice President Rodgers and you totaling at least \$2,807.07. For example, during the Transport Workers (TWU) June 2008 President's Conference in Atlantic City, New Jersey you incurred approximately \$1,166.34 in credit card expenses. No supporting documentation pertaining to the conference, such as a hotel bill or any meal expense receipts were maintained.

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.

2. Meal Expenses

Local 289 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$718.48. 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.

Local 289 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, on June 26, 2008, you charged approximately \$218.27 on the union's credit card for food purchased at Morton's Steakhouse in Atlantic City, New Jersey. In addition to yourself, you advised me during the exit interview that

the attendees of this dinner included two International Representatives. The local failed to maintain adequate documentation regarding this disbursement. 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.

3. Lack of Salary Authorization

Local 289 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were authorized to officers for the appropriate amounts. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries. As agreed during the exit interview, please provide OLMS with a document indicating the approved officer salary amounts as soon as possible, but no later than May 14, 2009.

Based on your assurance that Local 289 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) has not been filed by Local 289 for fiscal year ending December 31, 2008.

Form LM-3 must be filed within 90 days after the end of your labor organization's fiscal year (12-month reporting period). As agreed, Local 289 will file Form LM-3 for fiscal year ending December 31, 2008 with OLMS as soon as possible but not later than May 14, 2009.

In addition, 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 289 amended its constitution and bylaws, but did not file a copy with its LM report for that year.

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As agreed, Local 289 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than May 14, 2009.

Other Violations

The audit disclosed the following other violation(s):

1. 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.

Local 289's officers and employees are currently bonded for \$10,000, but they must be bonded for at least \$11,165.76. Local 289 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than May 14, 2009.

2. Failure to Follow Election Procedures

The audit revealed a violation of LMRDA Section 401 (b) (Election Procedures), which requires every local labor organization to elect its officers not less often than once every three years by secret ballot among the members in good standing.

As agreed during the exit interview, Local 289 should hold its next election of officers in December 2011.

Other Issue

Expense Policy/ Lost Time Policy

As I discussed during the exit interview with Vice President Rodgers and you, the audit revealed that Local 289 does not have a clear policy regarding the types of expenses that may be incurred related to union business and the circumstances in that an officer may be reimbursed for lost wages. OLMS recommends that unions adopt written guidelines concerning such matters.

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I want to extend my personal appreciation to Transport Workers Local 289 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,

[REDACTED]

Investigator

cc: Jacque Rodgers, Vice President