



January 27, 2012

Mr. Stanley Gronek, Financial Secretary  
Transit Union, Local 1001  
3315 W. 72nd Avenue  
Westminster, CO 80030-5310

Case Number: [REDACTED]  
LM Number: 543755

Dear Mr. Gronek:

This office has recently completed an audit of Transit Union, Local 1001 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, President Julio Rivera, and Attorney William Smith on January 24, 2012, 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 1001's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 1001 did not retain adequate documentation for reimbursed expenses and credit card charges incurred by Local 1001 President Julio Rivera and others totaling at least \$3,040 for a six month period. For example, original expense receipts for air fare, hotel, and a rental car charged with the union credit card, were missing from union records.

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

Local 1001 did not require officers to submit itemized receipts for meal expenses totaling at least \$1,522. 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.

For example, union records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges, or the expense receipts were missing. 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.

3. Reimbursed Auto Expenses

Local 1001 Recording Secretary Rudy Trujillo, who received reimbursement for the business use of his personal vehicle, did not retain adequate documentation to support payments to him totaling at least \$471 during 2011. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Receipt Dates not Recorded

Entries in Local 1001's receipts journal reflect the date the union deposited money, but not the date money was 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.

5. Disposition of Property

Local 1001 did not maintain an inventory of King Soopers gift cards purchased it gave away. For example, the union failed to record the recipients of gift cards totaling at least \$1,100 given away to members. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

Based on your assurance that Local 1001 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 Local 1001 for the fiscal year ended December 31, 2010, was deficient in the following area:

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 1001 amended its bylaws in 2010, but did not file a copy with its LM report for that year.

Local 1001 officers provided a copy of their amended Bylaws during the audit which has now been filed.

Other Issues

1. Expense Policy

As discussed during the exit interview with Local 1001, the audit revealed that the union does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Personal use of Credit Cards

The audit revealed that Local 1001 permits officers and employees to use union credit cards to pay for personal expenses. Although officers and employees promptly repaid Local 1001 for the personal expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to Transit Union, Local 1001 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

cc: Mr. Julio Rivera, Local 1001 President  
Mr. William Jones, Local 1001 Attorney