



April 8, 2013

Mrs. Pennie Johnson, President
Amalgamated Transit Union, Local 1733
323A Seymour Avenue
Mundelein, IL 60060

Case Number: 310-23513 [REDACTED]
LM Number: 509153

Dear Mrs. Johnson:

This office has recently completed an audit of Amalgamated Transit Union 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 and Secretary-Treasurer Nancy McCurdy on January 30, 2013, 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 1733's 2011 records revealed the following recordkeeping violation:

Lost Wages and Charter Rate Payments

Local 1733 did not retain adequate documentation for lost wage reimbursement and charter rate payments on at least four different occasions totaling less than \$300.00 to an individual steward/executive board member. The union must maintain records in support of lost wage and charter rate claims that identify each date lost wages or charter rate payments were incurred, the number of hours lost or charter rate hours claimed on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 1733, maintained records for the President and Secretary-Treasurer in instances where lost time or charter rate payments were claimed. Although Local 1733 does have a written reimbursement lost wages and charter rate payment policy in place, the union failed to enforce the policy on payments made to a single steward/executive board member.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1733's LM-3 reports. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000.00 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

During the exit interview, the Local agreed to enforce the lost time/charter rate payment policy across the board and continue to require and retain documentation for all such transactions. Based on your assurance that Local 1733 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 1733 for the fiscal year ended December 31, 2011, was deficient in that it that properly report a change in the Local's bylaws.

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 1733 amended its constitution and bylaws sometime prior to December 31, 2011 but did not file a copy with its LM report for that year.

Local 1733 has now filed a copy of its constitution and bylaws.

Other Violations

The audit disclosed the following other violation:

Improperly Reported Disbursements

Local 1733 improperly reported payments for 21 separate expenses in item 54 "Other Disbursements" on the December 31, 2011 LM-3 Report. OLMS found payroll taxes was the only disbursement that was properly reported in Item 54.

Local 1733 submitted an amended report for fiscal year ending December 31, 2011. The amended report corrected the deficiencies

I want to extend my personal appreciation to ATU Local 1733 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 used to redact the signature of the investigator.

Investigator