



April 8, 2013

Ms. Theresa Holloway, Financial Secretary/Treasurer
Amalgamated Transit Union Local 1763
75 Charter Oak Ave
Building 2, Suite 230
Hartford, CT 06106

Case Number: 110-17618 [REDACTED]
LM Number: 544722

Dear Ms. Holloway:

This office has recently completed an audit of Amalgamated Transit Union Local 1763 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 April 1, 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.

Record Keeping 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 following record keeping deficiencies were revealed during the audit of Local 1763's 2011 records:

1. General Reimbursed and Debit Card Expenses

Local 1763 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by former Local President [REDACTED] totaling at least \$15,909.81. For example, on September 21, 2011, the local paid \$1,026.79 via debit card to the Ritz-Carlton in Manalapan, Florida. No receipt was retained.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Additionally, the local should maintain copies of all convention call notices and other notices associated with travel for union business. 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 1763 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,470.99. For example, there is no receipt for the \$115.60 charged to the local's debit card at J's Oyster Bar in Portland, Maine on June 14, 2011. 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.

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. Officer Salaries and Lost Time Claims

Union officers failed to record the date and/or purpose of some salary/lost time wage claims on records submitted for such expenses. Records that identify the date, number of hours worked/lost, rate of pay, and business purpose (reason) for all wages must be retained. For example, of the 99 union disbursements to [REDACTED] for salary/lost time, only 33 were documented with a time voucher.

Of the 33 existing vouchers, 24 showed that [REDACTED] was paid at a rate of \$20.00 per hour instead of the authorized rate of \$18.85 per hour. Based on existing records [REDACTED] was over paid \$435.31. Similarly, based on 13 available vouchers, former Financial Secretary [REDACTED] was compensated at \$20.00 per hour instead of the authorized rate of \$18.85 an hour. Based on existing records [REDACTED] was over paid \$181.09. Based on nine available vouchers, former Treasurer Secretary [REDACTED] was paid at a rate of \$18.99 per hour instead of the authorized rate of \$17.99. Based on existing records [REDACTED] was over paid \$79.06. Consequently, OLMS will require proof that the aforementioned former officers repaid the union the amount of their respective overcompensation.

4. Failure to Record Receipts

Local 1763 failed to record in its records employer dues check-off checks and initiation fees. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source.

In addition to the above-mentioned requirements, Local 1763 must maintain a receipts and disbursements journal and a running bank balance. Based on your assurance that Local 1763 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 violations 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 (LM-3) filed by Local 1763 for the fiscal year ending December 31, 2011, was deficient in the following areas:

1. LM-3 Item 24 (All Officers and Disbursements to Officers)

A. Officers not listed

The names of all persons who held office at any time during the fiscal year must be reported in Item 24 regardless of whether or not they received any payments from the union. Although, [REDACTED] was replaced by [REDACTED] as financial secretary during the fiscal year she should have been listed in Item 24.

B. Disbursements to Officers

Local 1763 did not include some disbursements to officers totaling at least \$8,126.44 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). According to Item 24 (B)(1)(E), [REDACTED] received \$0.00 for allowances and other disbursements during the fiscal year. In actuality, [REDACTED] received at least \$3,326.44 in allowances and other direct disbursements. Additionally, [REDACTED] received indirect disbursements totaling \$4,800 paid directly to her landlord for rent of the union's office that was located in her apartment.

The union must report most direct disbursements to Local 1763 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).

2. 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 1763 amended its constitution and bylaws in 2011, but did not file a copy with its LM report for that year. As agreed, Local 1763 will file a copy of its current constitution and bylaws with its LM -3 for the fiscal year ending December 31, 2012.

Local 1763 must file an amended Form LM-3 for the fiscal year ending December 31, 2011, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than April 30, 2013. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Expense Policy

As discussed during the exit interview, the audit revealed that Local 1763 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 debit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Amalgamated Transit Union Local 1763 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. Gresham Flynn, President/Business Agent