



January 22, 2014

Mr. Sidney Latham, President  
Transportation Union Ind Local 1053

Case Number: 410-4310567 [REDACTED]  
LM Number: 004961

Dear Mr. Latham:

This office has recently completed an audit of Transportation Union Ind Local 1053 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, Secretary/Treasurer David Smith, and Local Chairman Gregory Piper on January 21, 2014, 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 1053's 2012 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

During the audit, President Latham advised OLMS that the membership approved a payment of \$1,300.00 to Vice President Mickey Stepp to attend a conference in Memphis, TN in July 2012. Article 48 of the bylaws requires expenses to be approved by the membership. The minutes of the meetings do not contain any reference to this issue. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Lost Wages

Local 1053 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$2,389.16. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 1053 maintained lost time vouchers; however, the vouchers did not state the nature of the union business, the dates of the claim and number of hours on each date, or the approving official signature.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1053 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 1053 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) filed by Local 1053, for fiscal year ending December 31, 2012, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 1053 did not include some reimbursements to officers totaling at least \$4,855.20 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 46 (Cash Disbursements to Employees).

The union must report most direct disbursements to Local 1053 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. Certificates of Deposit Reported as Investments

Local 1053 improperly included the value of a certificate of deposit as an investment on Line 28 of the LM-3 (Investments). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

Local 1053 must file an amended Form LM-3 for the fiscal year ended December 31, 2012, to correct the deficient items discussed above. I encourage Local 1053 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than January 31, 2014 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to Transportation Union Ind Local 1053 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. David Smith, Secretary/Treasurer