



December 9, 2015

Mr. Barry Segal, Financial Secretary
Amalgamated Transit Union Local 824
1428 Princess Avenue
Brick, NJ 08724

Case Number: 130-6002969 [REDACTED]
LM Number: 002-718

Dear Mr. Segal:

This office has recently completed an audit of Amalgamated Transit Union Local 824 for fiscal year ending December 31, 2013 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 Local 824 President Martin Heraghty and accountant J. Mitchell Sincoff, as well as Office of Labor-Management Standards (OLMS) Senior Investigator [REDACTED], on December 2, 2015 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 824's 2013 records revealed the following recordkeeping violations:

- 1) There were 21 checks which only contained one signature. According to Article 5, Section 3 of the Local 824 Bylaws, "[The Financial Secretary] shall, in the name of the

LU, deposit all moneys in the bank that the LU may select, only to be drawn upon drafts signed jointly by himself and the President.” According to Article 5, Section 2, “It shall be the duty of the Vice President in the absence of the President to perform all duties pertaining to the office of the President.”

2) Meal Expenses

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 824 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. For example, a receipt from The Chapter House dated January 14, 2013 in the amount of \$116.15 did not include a written explanation of the union business conducted or the names and titles of the persons in attendance. 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 and who were in attendance. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3) Regarding the Minnesota conference from June 19 to June 25, 2013, there are no entries in the ledger between October 2012 and March 2014 for a convention registration fee or hotel expense, nor documentation of such expenses.

4) Also regarding the Minnesota conference, backup documentation includes a receipt from Enterprise Rent-A-Car issued to [REDACTED] and the airline receipt shows [REDACTED] as the passenger. This is inconsistent with the name of former President [REDACTED].

5) The total disbursements by check per Local 824’s general ledger for the audit period (\$249,779.07) were reconciled with bank charges appearing on the union’s general checking account and statements (\$249,777.05), and there was a difference of \$2.02. Of 455 ledger entries, 12 discrepancies were found:

- Check [REDACTED] dated January 4, 2013 to [REDACTED]. The amount reflected in the ledger was \$168.64. However, the amount reflected on the check and in the bank statement was \$168.24.

- Check [REDACTED] dated January 7, 2013 to the New Jersey State Joint Council (NJSJC). The amount reflected in the ledger was \$353.40. However, the amount reflected on the check and in the bank statement was \$353.43.

- Check [REDACTED] dated January 25, 2013 to [REDACTED]. The amount reflected in the ledger was \$1,027.63. However, the amount reflected on the check and in the bank statement was \$1,027.58.

- Check [REDACTED] dated February 1, 2013 to [REDACTED]. The amount reflected in the ledger was \$1,027.63. However, the amount reflected on the check and in the bank statement was \$1,027.58.
- Check [REDACTED] dated February 22, 2013 to [REDACTED]. The amount reflected in the ledger was \$202.74. However, the amount reflected in the bank statement was \$202.00. The numeric value reflected on the check was \$202.74, but the hand-written value reflected only “two hundred and two.”
- Check [REDACTED] dated April 1, 2013 to [REDACTED]. The amount reflected in the ledger was \$85.10. However, the amount reflected in the bank statement was \$85.00. The numeric value reflected on the check was \$85.10, but the hand-written value reflected only “eighty five.”
- The ledger reflects a Wells Fargo disbursement memo dated July 30, 2013 for New Jersey second quarter taxes. The ledger reflects \$1,230.95, but the bank statement reflects \$1,230.85 (broken down into two payments of \$794.33 and \$436.52).
- Check [REDACTED] dated September 9, 2013 to [REDACTED]. The amount reflected in the ledger was \$86.00. However, the amount reflected in the bank statement was \$84.00. It appears that the numeric value and the hand-written value initially written on the check were \$86.00 but that \$84.00 was written over top of it.
- Check [REDACTED] dated September 20, 2013 to [REDACTED]. The amount reflected in the ledger was \$26.00. However, the amount reflected on the check and in the bank statement was \$28.00.
- Check [REDACTED] dated November 1, 2013 to [REDACTED]. The amount reflected in the ledger was \$85.10. The amount reflected on the check was also \$85.10, but the amount reflected in the bank statement was \$85.00.
- Check [REDACTED] dated November 22, 2013 to [REDACTED]. The amount reflected in the ledger was \$1,035.63. The amount reflected on the check was also \$1,035.63, but the amount reflected in the bank statement was \$1,035.62.
- Check [REDACTED] dated December 19, 2013 to the NJSJC for the December 2013 per capita tax. The amount reflected in the ledger was \$1,173.75. However, the amount reflected in the bank statement was \$1,173.25. The numeric value reflected on the check was \$1,173.75, but the hand-written value reflected only “one thousand one hundred and seventy three.”

Based on your assurance that Local 824 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 824 for the fiscal year ended (FYE) December 31, 2013 was deficient in the following areas:

- Item 24 (officers and disbursements to officers) column (A) must list the name of all officers. Columns (B) and (C) must be completed for every line with an entry in column (A). Columns (D), (E), and (F) must be completed with the appropriate number or "0" for every line with an entry in column (A). Column (F) must equal the total of columns (D) and (E). If additional pages are needed to complete Item 24, the Item 24 continuation pages in the report package must be used and the totals must be properly reported on line 8. Line 9, columns (D), (E), and (F) must equal the total.

Item 24 does not accurately reflect President [REDACTED] gross salary. According to the LM-3 report, President [REDACTED] gross salary totaled \$73,447.00. However, the ledger and bank statements reflected that President [REDACTED] gross salary was \$72,921.91, a difference of \$525.09. Vice President [REDACTED] gross salary (\$6,475.00) and Financial Secretary Barry Segal's gross salary (\$9,986.00) as listed on the LM-3 were consistent with the ledger and bank statements.

Item 24 reflects \$0 in deductions for each officer, which was inconsistent with the ledgers and bank statements. According to the ledger, President [REDACTED] total deductions were \$15,325.09, which brought his net salary (without expenses) to \$57,596.82. Vice President [REDACTED] total deductions were \$1,008.39, which brought his net salary (without expenses) to \$5,466.81. Financial Secretary Segal's gross deductions were \$3,549.64, which brought his net salary (without expenses) to \$6,435.97. These deductions should have been listed on line 10 under Item 24.

Item 24 reflects \$0 under column (E) (allowances and other disbursements) for each officer. However, according to the ledger, President [REDACTED] received \$8,525.00, Vice President [REDACTED] received \$525.00, and Financial Secretary Segal received \$1,356.90 in expenses.

- Item 57 (president's signature) must have the original signature of the president and the date the report was signed by the president.

- Item 58 (treasurer's signature) must have the original signature of the treasurer and the date the report was signed by the treasurer.

Local 824 must file an amended Form LM-3 report for FYE December 31, 2013 to correct the deficient items discussed above. I encourage Local 824 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at 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 December 24, 2015 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.

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 824 amended its constitution and bylaws in 1990, 1996, 2002 and 2012 but did not file a copy of the amendments with its LM reports for those years.

As agreed, Local 824 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than December 24, 2015.

Other Issues

Article 8, Section 9 of the Local 824 Bylaws states that a member out sick or for injury 14 days or more will receive a food gift certificate. The signature log for the Shop Rite gift cards is not entirely legible.

I want to extend my personal appreciation to Amalgamated Transit Union Local 824 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. Martin Heraghty, President