



May 8, 2017

Mr. Jeffery Richardson, President
Amalgamated Transit Union
Local Division 1342
196 Orchard Park Road
West Seneca, NY 14224

Case Number: 110-6009886 [REDACTED]
LM Number: 046151

Dear Mr. Richardson:

This office has recently completed an audit of Transit Union Local 1342 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 Financial Secretary [REDACTED], Office Manager Susan Dudziak, and you on April 24, 2017, 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 1342's 2016 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 1342 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by former President [REDACTED] and former Financial Secretary [REDACTED] totaling at least \$2,190. For example, two reimbursements for petty cash to each of the officers totaling \$786.17 were not supported with original receipts. Additionally, no receipts for gas purchased using the union's credit card were retained for the entire audit year totaling at least \$1,404.

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 1342 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$138. 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.

Most records of meal expenses included written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. However, the itemized receipts were not always maintained. For example, no itemized receipt was maintained for \$88 at Connor's Restaurant. 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.

Based on your assurance that Local 1342 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 1342 for the fiscal year ended June 30, 2016, was deficient in the following areas:

1. Disbursements to Officers and Employees (LM-2)

Local 1342 did not include some indirect reimbursements to officers totaling at least \$874.71 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Holiday Gifts (LM-2)

Local 1342 did not properly report disbursements for holiday gifts to members in Schedule 17 (Contributions, Gifts, and Grants). It appears the union erroneously reported these gifts in Schedule 20 (Benefits). The audit revealed that during 2016, Local 1342 disbursed at least \$5,750 for holiday gifts to members. These gifts, according to the LM-2 instructions should be reported in Item 17, as they are direct or indirect disbursements to entities and individuals during the reporting period associated with contributions, gifts, and grants.

On the contrary however, in Item 20 all direct and indirect disbursements to entities and individuals associated with direct and indirect benefits for officers, employees, members, and their beneficiaries should be reported. Benefit disbursements to be reported in Schedule 20 include, for example, disbursements for life insurance, health insurance, and pensions.

I am not requiring that Local 1342 file an amended LM report for 2016 to correct the deficient items, but Local 1342 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Transit Union Local 1342 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,

[REDACTED]

Supervisory Investigator

cc: [REDACTED], Financial Secretary
Mr. David Arcara, Accountant