



March 31, 2011

Ms. Kathryn Smith, President  
Amalgamated Transit Union  
Local 1212  
1617 Wilcox Drive, Bldg C  
Chattanooga, TN 37406

Case Number: [REDACTED]  
LM Number: 025-517

Dear Ms. Smith:

This office has recently completed an audit of Amalgamated Transit Union Local 1212 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 Financial Secretary Seabron Battle on March 23, 2011, 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 1212's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 1212 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$1,308.92. For example, a union official was reimbursed \$1,280 in expenses. However, the union official submitted receipts totaling \$1,390.89 that included meals, mileage, fuel, and other expenses. Union records did not identify which of these expenses, mileage, fuel, or both, were reimbursed to the union official.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. In addition, your union's records must adequately identify the expenses that are reimbursed to union officials. 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 1212 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$72.41. 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 1212 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, union officials were reimbursed at least \$157.32 in meal expenses and the records did not reflect neither the meal purpose nor the meal attendees. 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. Receipt Dates not Recorded

Entries in Local 1212's check stubs reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

4. Lack of Salary Authorization

Local 1212 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

5. Lack of Benefit Payment Authorization

Local 1212 did not maintain records to verify that the sick and death benefits paid to members were the authorized amount. The union must keep a record, such as meeting minutes, to show the current authorizations for sick and death benefit payments by the entity or individual in the union with the authority to establish such benefits.

Based on your assurance that Local 1212 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 1212 for the fiscal year ended December 31, 2009, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 1212's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Information Items

Local 1212 did not complete Item 23(c) and (d). Item 23 (rates of dues and fees), lines (a) through (d) must be completed with an appropriate entry (such as dollar amount, "0," "none," number of hours pay, etc.) and lines (a) and (d) must report the calendar basis for payment (Such as per month, per year, etc.), if appropriate.

By answering "yes" to Item 14, Local 1212 indicated that an audit or review of the books was conducted by either a parent body or an outside accountant. However, the local indicated in Item 56 (Additional Information) that an audit was performed by the local's board members. Therefore, the union should have answered "no" to Item 14.

3. Financial Items

Local 1212 completed Items 25(B), 31(B), and 37(D) in Statement A with a negative number. The LM-3 instructions require all items appearing on Statement A and Statement B completed with a number or a "0."

I am not requiring that Local 1212 file an amended LM report for 2009 to correct the deficient items at this time, but Local 1212 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Amalgamated Transit Union Local 1212 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. Seabron Battle, Financial Secretary