



August 5, 2010

Mr. William Wright, President
ATU Local 1605
1333 Pine St. Suite G
Martinez, CA 94553

Case Number: [REDACTED]
LM Number: 542994

Dear Mr. Wright:

This office has recently completed an audit of ATU Local 1605 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 Treasurer Joyce Clark on July 28, 2010, 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 1605's FY 2009 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 1605 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were 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.

2. Information not Recorded in Meeting Minutes

During the audit, Local 1605 Treasurer Joyce Clark advised OLMS that the executive board authorized the travel of Local 1605 President William Wright to the 2008 NAACP conference at the July 2008 executive board meeting.

Section 13.5 of the Amalgamated Transit Union's Constitution and General laws requires that "...any expenditures, other than those which are normal and routine or specifically provided for by the L.U. bylaws, must be authorized by a majority vote of the members of the L.U. in attendance at a regular meeting of the L.U." Article 17, Section 5 of the local bylaws amends this rule to read, "If the total attendance of any regular meeting does not constitute a quorum, then all business actions and/or changes approved or disapproved by the majority vote of the Executive Board, will become final and binding upon this local just as though it had been reported to this Local and there will be no further action taken by the membership."

Only an "amendment" to the July 2008 executive board meeting minutes references the NAACP conference with regards to funding approval. Further, it only reflects approval for Carolyn Wright to be paid for "lost wages and meals" incurred at the conference. There is no discussion of travel expenses, nor are there any properly approved references to substantiate the payments to William Wright for his travel and attendance at the NAACP conference. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1605's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

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I want to extend my personal appreciation to ATU Local 1605 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Ms. Joyce Clark, Treasurer