

U.S. DEPARTMENT OF LABOR
EMPLOYMENT STANDARDS ADMINISTRATION

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September 4, 2008

Mr. John Purcell, Secretary Treasurer
Transportation Union Ind
Local 1075
20128 West Point
Brownstown, MI 48174

Re: Case Number [REDACTED]
LM File Number: 040-730

Dear Mr. Purcell:

This office has recently completed an audit of Transportation Union Local 1075 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 on September 4, 2008, 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 1075's 2006 records revealed the following recordkeeping violations:

1. Lack of Monthly Salary Payment Authorization

Local 2-513 did not maintain records to verify that the monthly salary payments paid to you, Secretary Treasurer Salvatore Parisi, Local Chairman Raymond Townley, and Local Chairman Anthony O'Brien during the audit year were the correct authorized amounts. The International Union Constitution, which you stated governs the practices and procedures of Local 1075, does not contain a provision for the secretary treasurer's and local chairman's monthly salaries. During the audit, the union was unable to provide documentation to support the salaries paid to these officers. The union must keep a record, such as meeting minutes, to show the current wages authorized by the entity or individual in the union with the authority to establish wages.

2. Reimbursed Officer Expenses

Local 1075 did not retain adequate documentation for reimbursed hall rental expenses and reimbursed cell phone expenses incurred by local chairman Raymond Townley totaling at least \$525 and reimbursed cell phone expenses incurred by local chairman Anthony O'Brien totaling at least \$400. As previously 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.

Furthermore, if the payments to Mr. Townley and Mr. O'Brien for the business use of their personal cell phones represents a nonaccountable expense allowance, then Local 1075 must keep at least one record -- perhaps by inclusion in the union's bylaws or in the form of membership or executive board authorizations recorded in meeting minutes -- that clearly explains the union's authorized cell phone reimbursement policy. If, on the other hand, the payments to Mr. Townley and Mr. O'Brien reimbursed them for actual cell phone usage relating to the

business of Local 1075, then original cell phone bills with the reimbursed calls circled or otherwise designated must be maintained by Local 1075.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements, in addition to, membership or executive board meeting minutes to document approval of disbursements. The president and financial secretary (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1075'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.

During the exit interview, you agreed to provide OLMS with a copy of the meeting minutes that have established provisions for officer's salary payments and expenses. Based on your assurance that Local 1075 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Transportation Union Local 1075 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you and Mr. Johnson make sure this letter and the compliance assistance materials provided are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Patrick Johnson, President