

U.S. Department of Labor

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January 7, 2008

Mr. Nathan Muhlethaler, Secretary-Treasurer
Transportation Union Ind Local 1241
2683 Sutter Street
San Francisco, CA 94115

LM File Number: 036-500
Case Number: [REDACTED]

Dear Mr. Muhlethaler:

This office has recently completed an audit of Transportation Union Ind Local 1241 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 November 20, 2007, 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.

The CAP disclosed the following:

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 1241's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1241 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$900.00. For example, the union held a picnic in 2006 and not all receipts for the reimbursed expenses for the picnic were retained. 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.

2. Lost Wage Reimbursements

Local 1241 did not retain adequate documentation for lost wage reimbursement payments to union officers and members totaling at least \$3,000. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 1241 members submit handwritten requests for lost time reimbursements which vary greatly in the amount of detail provided. Some requests just show the remark "make whole for investigation" or just "make whole" without identifying the specific union business. At the exit interview it was suggested that Local 1241 devise a standard form to use for claiming lost time reimbursements in order to have uniform documentation of the payments.

3. Void Checks

Local 1241 did not retain voided checks. Voided checks should be retained as part of the union's bank records.

Based on your assurance that Local 1241 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 1241 for fiscal year ending December 31, 2006, was deficient in the following area:

Disbursements to Officers

Local 1241 did not include some reimbursements to officers totaling at least \$1,780.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 Office and Administrative Expense.

The union must report most direct disbursements to Local 1241 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 1241 file an amended LM report for 2006 to correct the deficient items, but Local 1241 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Transportation Union Ind Local 1241 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,



Senior Investigator

cc: Mr. Steven Valente, President