



TRANSPORT WORKERS UNION

OF GREATER NEW YORK • AFL-CIO • LOCAL 100

John Samuelsen
President

Earl Phillips
Secretary Treasurer

Benita Johnson
Recording Secretary

Angel Giboyeaux
Administrative VP

April 4, 2011

Dear Local 100 Members:

Immediately following the Executive Board's removal of Israel Rivera, Jr. as Secretary-Treasurer of TWU Local 100, I invited the TWU International to contract an auditor to review our Local's financial records for the first 10 months of 2010. I did this for three reasons. First, I wanted to determine the extent of the damage done by Mr. Rivera during his tenure as Secretary Treasurer. Second, I wanted a thorough investigation about Mr. Rivera's allegations about the financial practices of my office. Finally, I wanted workable recommendations to strengthen the Local's financial reporting practices and increase transparency. The International's auditors have just issued an "Interim Report" and while the results are not final, I want to make sure that every member knows what we have learned so far.

First, the Interim Report shows there were financial losses due to Mr. Rivera's misconduct and that he may have acted to try to cover them up. It fully describes former Treasurer Rivera's misuse of Union funds to purchase a car. It states that the Union suffered a \$17,307 loss when Rivera engaged in this transaction, which "Mr. Samuelsen had [not] authorized..." The Interim Report also states: "Apparently, in order to conceal the loss of \$17,307, the Retail Installment Contract GMAC Flexible Finance Plan acknowledged a trade-in allowance of \$38,307 for the 2009 Lincoln as a down payment but simultaneously inflated the cash price of [the] 2011 Jeep from \$39,113 to \$56,420. The result was the same: a loss to the Local of \$17,307."

I want to assure you that we will be reporting this loss to the Union's insurance carrier and working diligently to recover damages to our Local.

Second, the Interim Report shows that Mr. Rivera's allegations of financial improprieties in my office were false. For example, contrary to Mr. Rivera's allegation that I diverted funds from Local 100's Haiti Relief Fund, every penny was accounted for and the money was spent for Haitian relief purposes.

Third, the Interim Report reveals a number of problems with Local 100's internal financial controls and procedures. Specifically, the Interim Report shows that during 2010, the Local incurred \$437,209 in credit card charges for a wide variety of necessary expenditures, including newspaper ads, auto maintenance and repairs, airline travel and hotel expenses, food for and staging of cultural events, rallies, and other expenses. The auditors, using a more stringent standard of itemization than had been the practice in the Local, say that \$262,849 of the credit card charges did not have "adequate support." Why is that? The auditors believe that the union should have more than just the credit card receipt in its records. They have suggested that we should be submitting an itemized receipt as well. The International's auditors also believe this level of detail to be a financial reporting "best practice" and we agree. Effective immediately, I have asked our Secretary-Treasurer to use this new, more rigorous standard for credit card receipts.

The Interim Report also shows instances where the Union's credit card was used for personal purchases and the Union was fully reimbursed for such charges. For example, I want you to know that I had a single inadvertent personal charge of \$158.88 in July 2010. I immediately notified the union hall about the issue and quickly repaid the expense. The report also shows that on two occasions the Union paid for parking tickets issued to the Union car I drive. I have reimbursed the Union \$93 for these tickets. I also reimbursed the Union \$45 for a taxi receipt that was mistakenly submitted to petty cash. Recording Secretary Benita Johnson reimbursed the Union for personal expenses amounting to \$361.78 and Roxanne Rotger, Executive Assistant to the Local 100 President, repaid the Local \$8,473.54 for personal charges.

In addition, the Interim Report found that in 2010, the Union approved \$17,644 in petty cash expenditures. These petty cash disbursements were issued to individuals for a variety of reasons, including business travel, parking lot fees and tolls. The Secretary-Treasurer's office did not have adequate receipts covering \$2,653 of these disbursements. Our new Secretary-Treasurer, Earl Phillips, is sending letters asking those who received the disbursements to either provide an adequate receipt or repay those monies to the Union. Unfortunately, the Local has never had a written petty cash policy in place that would have prevented this problem. I have further directed the Secretary-Treasurer to immediately begin drafting a petty cash policy, to make sure that that policy follows financial reporting best practices, and to implement it immediately.

The report shows that Vernon Thorpe, the Director of our Political Action Committee, used a Union credit card for necessary expenses, such as feeding volunteer members and retirees working telephone banks to get out the vote on Election Day. The auditors believe that these funds should have been paid directly out of the Local's Political Action Fund. I have asked that our finance team work to clearly define which activities fall under the financial umbrella of our Political Action Fund and which do not.

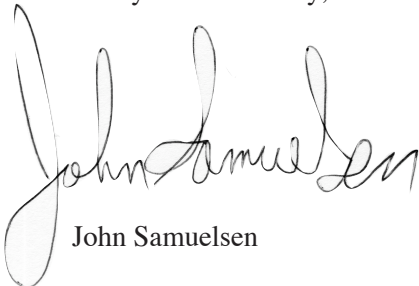
Also, there are a few instances where a personal charge by union officers or staff, such as a movie rental, was included in an otherwise properly covered hotel bill. These matters are being investigated by Secretary-Treasurer Phillips to make sure that the Union is reimbursed where it is appropriate.

Finally, using the information presented the auditor's Interim Report, the Local 100 LM2 (the Union's annual financial report filed with the Federal Government) refers to "loans" being made to me and others. These "loans" are actually cash advances for legitimate business travel on behalf of the Union. Under the Department of Labor's rules an unused cash advance for business travel is considered a "loan" if it is not returned within 30 days. I have shared this information with other Union leadership and have asked our finance team to emphasize this rule. Nevertheless, I do want to make two things clear: I did not borrow money from the Union and I always returned all unused advances.

The inadequate financial control practices and procedures detailed above were carried over from the former administration of the Local, and have been the norm at Local 100 for almost a decade. While some might use this as an excuse, I don't. I was elected to bring greater transparency, fairness and openness to Local 100 and that begins with the Union's finances. I promise you that along with our new Secretary-Treasurer Earl Phillips, and the other officers, I will see to it that the reforms outlined above are implemented immediately and that we are never again confronted with similar circumstances.

The International's auditors expect to issue a "Final Report" in a few weeks. I will share that final report with you as well as any formal response that we may have to the report's findings. In the meantime, I am establishing a working group from within the Union's Executive Committee to review the changes deemed necessary to bring Local 100 into full compliance with best financial practices. If you wish to review the Union's LM2, it has been posted on the Local's website. We will post the International's Interim Report on the website as soon as the International grants us permission to do so.

Sincerely and fraternally,

A handwritten signature in dark ink, appearing to read "John Samuelson". The signature is fluid and cursive, with the first name "John" being more prominent and the last name "Samuelson" following in a similar style. The signature is positioned above the printed name "John Samuelson".

John Samuelson