U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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April 16, 2007

Mr. Michael Walker, Treasurer
United Auto Workers
Local 1338
460 Franklin Street
Havre De Grace, MD 21078

Re: Case Number: [redacted]

Dear Mr. Walker:

This office has recently completed an audit of United Auto Workers (UAW) Local 1338 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 President Butch Easter and you on April 12, 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.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, and source of all money received by the union must be recorded in at least one union record. Bank records and canceled checks must also be retained for all accounts.

The audit of Local 1338's fiscal year ending December 31, 2006 records revealed the following recordkeeping violations:

1. Officer Expenses

   Union officers failed to maintain adequate documentation for expenses related to meals. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

2. Receipts

   The union failed to maintain sufficient records related to raffles held by the union. Union receipts records must include an adequate identification of each receipt of money. For raffles, this should include the number of tickets disbursed to each officer or member for sale, the amount of money received by the union from each officer or member, and the number of unused tickets returned by that officer or member.

As agreed, provided that Local 1338 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations

The CAP 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 1338 for fiscal year ending December 31, 2006, was deficient in the following area:

1. Per Capita Tax

   In Statement B (Receipts and Disbursements) Item 39 (Per Capita Tax), Local 1338 incorrectly identified $820 in receipts. Since Local 1338 is a local union, it

cannot collect per capita taxes. These receipts should be reported in the appropriate category.

I am not requiring that Local 1338 file an amended LM report for 2005 to correct the deficient item, but as agreed, Local 1338 will properly report the deficient item on all future reports filed with this agency.

I want to extend my personal appreciation to Local 1338 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,

[redacted]
Investigator

cc: Butch Easter, President