



August 3, 2023

Mr. Eugene Bailey, Financial Secretary
Auto Workers Local 2308
2525 Wayne Madison Road
Trenton, OH 45067

Case Number: 350-6026259()
LM Number: 531-713

SENT VIA ELECTRONIC MAIL TO [REDACTED] and [REDACTED]

Dear Mr. Bailey:

This office has recently completed an audit of Auto Workers Local 2308 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 August 2, 2023, 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 2308's 2022 records revealed the following recordkeeping violations:

1. Rental and Debit Card Expenses

Local 2308 did not retain adequate documentation for all expenses. For example, on March 7, 2022, the union made a disbursement of \$3,600.00 to the Schroder Corporation and there

was no corresponding documentation. There were nine disbursements during the audit period with no corresponding documentation. In addition, Local 2308 did not retain adequate documentation for debit card expenses totaling at least \$484.69. For example, there was a payment to Cambria, totaling \$85.22, with no corresponding documentation.

As 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. Meal Expenses

Local 2308 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,055.15. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 2308's records of meal expenses must include the names and titles of the persons incurring restaurant charges. For example, the names and titles of the persons incurring the restaurant charges were not retained for \$1,582.59 in meal expenses incurred by Financial Secretary Eugene Bailey at the Neighbors Sports Grill in Trenton, Ohio on January 15, 2022; February 10, 2022; April 11, 2022; May 7, 2022; June 11, 2022; and July 19, 2022. Names and titles were also not retained for \$378.63 in meal expenses incurred by President Jeffrey Potts at Jen's Bar and Grill in Hamilton, Ohio on May 18, 2022; July 21, 2022; November 16, 2022; and December 19, 2022. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges.

3. Disposition of Property

Local 2308 did not maintain an inventory of bibles, t-shirts, hats, and gift cards purchased. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. Therefore, Local 2308 must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Statement A. In addition, the union must maintain a record of property purchased, sold, donated, or otherwise disposed of and also report that information on the LM-2 in the appropriate items. In the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

4. Receipt & Disbursement Dates not Recorded

Local 2308 did not always maintain receipt records reflecting the date the union deposited money and the date money was received. For example, Local 2308 received nine

payments, totaling \$8,499.00, from Integrated Power Services and those monies were not deposited on the dates the union received the funds. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 2308 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-2) filed by Local 2308 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Disposition of Property

Item 15, (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away t-shirts, hats, and gift cards totaling more than \$4,750.00 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Local 2308 did not report Guide ██████████ in Schedule 11 (All Officers and Disbursements to Officers). The union must report in Schedule 11 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 2308 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).

In addition, Local 2308 is billed by Molson Coors Beverage Company for union work performed by officials of Local 2308 and that money is paid directly by Local 2308 to Molson Coors Beverage Company. These payments are reflected on the Form LM-2, in Schedule 11, but an explanation of the arrangement should be explained in Item 69, Additional Information.

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 2308 amended its constitution on November 14, 2011, but did not file a copy with its LM report for that year.

As agreed, Local 2308 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than August 16, 2023.

I am not requiring that Local 2308 file an amended LM report for 2022 to correct the deficient items, but Local 2308 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Debit Card Expense Policy

The audit revealed Local 2308 does not have a policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to the union debit card. You informed OLMS that personal charges cannot be made on the debit card, but this policy is not in writing. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Meal Reimbursement Expense Policy

The audit revealed that Local 2308 does not have a policy regarding the types of expenses personnel may claim for meal reimbursements. For example, there were at least six instances, totaling \$1,721.68, where an officer was traveling on union business, paid per diem, but still received reimbursement checks for meal/alcohol purchases. OLMS recommends that unions adopt written guidelines concerning meals and other expenses to help ensure effective internal controls and safeguard union assets.

3. Lost Time Policy

The audit revealed Local 2308 does not have a lost time policy. Local 2308's lost time policy should address who is eligible, the rate of pay, authorization procedures, and required documents that must be submitted for a lost time claim. OLMS recommends that unions adopt written guidelines concerning such matters.

4. Travel Reimbursement Policy

The audit revealed that Local 2308 does not have a clear policy regarding officer travel. You informed OLMS that Local 2308 pays \$55.00 per diem for a full travel day and \$25.00 for a partial travel day, but this policy is not in writing. OLMS recommends that unions adopt written guidelines concerning such matter.

5. Signing Blank Checks

During the audit, you advised that Potts signed blank checks. Your union's bylaws are silent on the signing of checks. A two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two-signature requirement. OLMS recommends that Local 2308 review these procedures to improve internal control of union funds.

6. Signatory on Checking Account

Former Local 2308 Trustee Jacquelyn Couch remains a signatory on the bank account at First Financial Bank. OLMS recommends Local 2308 update signatories on the account to the current officers.

I want to extend my personal appreciation to Auto Workers Local 2308 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,



Investigator

cc: Mr. Jeffrey Potts, President