



July 8, 2014

Mr. Robert Mentnech, Treasurer  
United Mine Workers Local 1717  
35 Elizabeth Valley Rd.  
Morgantown, WV 26508

Case Number: 140-6000170 [REDACTED]  
LM Number: 541809

Dear Mr. Mentnech:

This office has recently completed an audit of United Mine Workers Local 1717 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 July 1, 2014, 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 1717's 2013 records revealed the following recordkeeping violations:

#### 1. Disposition of Property

Local 1717 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must

retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28 / Item 30.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

2. Failure to Record Receipts

Local 1717 did not record in its receipts records some employer dues checkoff checks and interest earned on savings accounts totaling at least \$3,296.95. For example, dues checkoff checks deposited on January 12, 2013, July 15, 2013, and August 16, 2013 were not recorded in the union's check register. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Receipt Dates not Recorded

Entries in Local 1717's check register failed to note the date money was received. 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-3. The LM-3 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.

4. Check Dates not Properly Recorded

Entries in Local 1717's check register did not accurately reflect the date money was disbursed. For example, check number [REDACTED], payable to President Ron Raber, in the amount of \$67.50, was dated January 15, 2013; however, the check was recorded in the union check register with a date of July 1, 2013. Union disbursement records must show the date of disbursement. The LM-3 instructions for Statement B state that the labor organization must record disbursements when it actually pays out money. Failure to record the date money was disbursed could result in the union reporting some disbursements for a different year than when it actually disbursed them.

Based on your assurance that Local 1717 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 1717 for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Disbursements to Officers

Local 1717 did not include some reimbursements to officers totaling at least \$6,606.73 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, you received a reimbursement of \$5,368.07 for the union's Christmas party but failed to report this amount in Item 24.

The union must report most direct disbursements to Local 1717 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).

Please place a zero in the column next to the officer's name if no payments were made to that officer during the reporting period.

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 1717's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local 1717 must file an amended Form LM-3 for the fiscal year ended December 31, 2013, to correct the deficient items discussed above. I encourage Local 1717 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than July 25, 2014 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Violations

The audit disclosed the following other violation(s):

### Inadequate Bonding

The audit revealed that Local 1717's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 1717 obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

### Other Issues

#### One Signature on Union Checks

During the audit, you advised that it is Local 1717's practice that only one signature is required on union 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, requiring only one signature does not attest to the authenticity of the completed check. OLMS recommends that Local 1717 review this procedure to improve internal control of union funds.

I want to extend my personal appreciation to United Mine Workers Local 1717 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. Ron Raber, President