



March 22, 2012

Ms. Cindy Roberts, President
Auto Workers Local 879
2191 Ford Parkway
Saint Paul, MN 55116

Case Number: [REDACTED]
LM Number: 013989

Dear Ms. Roberts:

This office has recently completed an audit of Auto Workers Local 879 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 with former President [REDACTED] and Treasurer Marsha Anderson-Shearen on December 15, 2011 and on March 21, 2012, 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 879's 2010 records revealed the following recordkeeping violation:

Supporting Documentation for Expenses

Local 879 did not retain adequate documentation for union expenses and reimbursed expenses incurred by officers and employees totaling at least \$3,900. For example, Local 879 paid \$1,648 to Holiday Inn Express for hotel rooms for five members. A notation in the union's check register indicates the expense was for the "Vets Conference," but no receipt was retained. At my request, in January 2012, Ms. Anderson-Shearen contacted the Holiday Inn Express and obtained a copy of the receipt. In another example, member [REDACTED] received \$500 for "picnic supplies" as noted in the check register. However, no receipts were retained that identify the items purchased. During the audit, Ms. Anderson-Shearen advised that it is normally Local 879's practice to require receipts be submitted from members requesting reimbursement for expenses.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 879 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 879 for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Acquire/Dispose 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 Local 879 gave away at least 13 watches to retired members. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees."

2. Scholarship/Tuition Payments Reported as Benefits

Local 879 erroneously reported disbursements for "Scholarship/Tuition Payments" in Schedule 20 (Benefits). The LM-2 instructions for Schedule 20 state "direct and indirect disbursements to all entities and individuals during the reporting period associated with direct and indirect benefits for officers, employees, members, and their beneficiaries" should be reported in Schedule 20. Direct benefit disbursements are those made to officers, employees, members, or their beneficiaries from the labor organization's funds. Indirect

benefit disbursements are those made from the labor organization's funds to a separate and independent entity, such as a trust or insurance company, which under certain conditions pays benefits to the covered individuals. Local 879's bylaws contain no provisions for educational benefits for members, and as such any disbursements for scholarships or tuition payments should be reported in Schedule 17 (Contributions, Gifts & Grants).

I am not requiring that Local 879 file an amended LM report for 2010 to correct the deficient items, but Local 879 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Auto Workers Local 879 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: Ms. Marsha Anderson-Shearen, Treasurer