



June 27, 2014

Mrs. Barbara Price, Financial Secretary  
United Autoworkers Local Union 996

Case Number: 350-6000144  
LM Number: 026590

Dear Mrs. Price:

This office has recently completed an audit of United Autoworkers Local Union 996 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 and Vice President Bill Schnaffer on June 2, 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 996's 2013 records revealed the following recordkeeping violations:

#### 1. General Expenses

Local 996 did not retain adequate documentation for expenses for rent paid to owner [REDACTED] totaling at least \$6,000. Local 996 paid rent monthly in the amount of

\$500 and did not retain any documentation to support the disbursements. A rental contract was not present.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and financial secretary of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records. The union signed a rental contract with the owner, [REDACTED], and backdated it to be effective January 1, 2014.

## 2. Meal Expenses

Local 996 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, Trustee Kermit Price provides a receipt for lunch for the retirees' monthly meeting. However, the receipts do not include those retirees in attendance at the meeting. 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. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 996 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 996 for the fiscal year ended December 31, 2013, was deficient in that:

#### 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 996 amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year.

Local 996 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to United Autoworkers Local Union 996 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: Luethel Davis, President