



October 29, 2014

Mr. Chris Davis, Treasurer  
Auto Workers Local 1542  
3 D Queens Circle  
Newark, DE 19702

Case Number: 140-6000605( )  
LM Number: 530895

Dear Mr. Davis:

This office has recently completed an audit of Auto Workers Local 1542 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 Ken Dummigan and you on September 17, 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.

#### Reporting 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 1542's 2013 records revealed the following recordkeeping violations:

1. General Expenses and Credit Card Expenses

Local 1542 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by former Local 1542 Officers Walter Doughty and Larry Hinton totaling at least \$1,123.57. For example, in June 2013, the union charged \$305.80 to Southwest Airlines. You advised that the charge was regarding travel expense to Summer School in Tampa, Florida.

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 1542 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$517.82. 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 1542 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, there were several charges to Seasons Pizza that were not itemized. 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.

Reporting Violation

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. Local 1542 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 1542 was operating under bylaws that were not filed with OLMS. Local 1542 has since filed their most current bylaws with OLMS.

I want to extend my personal appreciation to Auto Workers Local 1542 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. Ken Dunningan, President