



January 28, 2016

Mr. Alan Vozel, Financial Secretary
Mine Workers Local 2258
411 East George Street
Carmichaels, PA 15320

Case Number: 140-6005724 [REDACTED]

LM Number: 510099

Dear Mr. Vozel:

This office has recently completed an audit of Mine Workers Local 2258 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 December 17, 2015, 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 2258's 2014 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 2258 did not retain adequate documentation for reimbursed expenses incurred by officers attending the conference held in Atlantic City, New Jersey totaling at least \$1,183 when they failed to maintain their hotel invoices. Also, there were no toll or gas receipts maintained with union records.

2. Failure to Record Electronic Disbursements

Local 2258 made electronic payments to the IRS and Windstream totaling \$3,389, but failed to record those payments in the local's disbursements journal. In addition, the local made an error when recording an entry in the disbursements journal for a payment to the IRS totaling \$2,270.91.

3. Lack of Disbursement Documentation

Local 2258 failed to retain adequate documentation for expenses incurred by the local. For example, the local did not maintain a receipt or invoice for a payment made to Image Point totaling \$3,027.94.

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.

Based on your assurance that Local 2258 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 2258 for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 2258 did not include reimbursements to any officers in Item 24 (All Officers and Disbursements to Officers), Column E (Allowances and Other Disbursements). All reimbursed expense payments made to officers for allowances and other disbursements must be reported in Item 24, Column E.

Local 2258 also did not report the name of one officer and the total amount of payments to him or on his behalf in Item 24 (All Officers and Disbursements to Officers). The union

must report in Item 24 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 2258 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).

2. Beginning Asset Balances

The beginning asset balances, Item 25(A) through 31(A), on Local 2258's Form LM-3 must be the same as the ending asset balances, Items 25(B) through 31(B), on the local's prior year LM-3 or an adequate explanation must be provided in Item 56 – Additional Information. As discussed, the local's beginning asset balances recorded on Form LM-3 filed for fiscal year ending December 31, 2014 did not reflect Local 2258's ending asset balances reported on Form LM-3 filed for fiscal year ending December 31, 2013 and there was no explanation provided for the difference.

Local 2258 was required to file an amended Form LM-3 for fiscal year ended December 31, 2014 to correct the deficient items discussed above. On January 12, 2016, the local filed an acceptable amended report with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 2258's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union 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.

I want to extend my personal appreciation to Mine Workers Local 2258 for the cooperation and

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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,

[REDACTED]
Investigator

cc: [REDACTED], Local 2258 president