



September 27, 2017

Mr. Peter J. Polito, Financial Secretary
United Mine Workers of America
Local 2300
7416 National Pike
Uniontown, PA 15401-5111

Case Number: 140-6011483 [REDACTED]
LM Number: 510-141

Dear Mr. Polito:

This office has recently completed an audit of United Mine Workers of America, Local 2300, 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 September 20, 2017, 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 2300's 2016 records revealed the following recordkeeping violations:

1. General Reimbursed and Vendor Expenses

Local 2300 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$438.50. For example, on May 11, 2016, Financial Secretary Polito was reimbursed \$438.50 for expenses he incurred for union business; however, records were not maintained to support this reimbursement.

Local 2300 did not retain adequate documentation for the purchase of large and unusual items during the audit year totaling more than \$18,000.00. For instance, on May 16, 2016, the union wrote a check to Direct Results, in the amount of \$8,500.00, however an invoice to support the purchase was not located in union records. Financial Secretary Polito reported the disbursement was to purchase t-shirts that were provided to members to wear for the Labor Day parade and that the receipt must have been lost.

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. Lost Wages

Local 2300 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$10,500.00. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 2300 was maintaining vouchers; however, the vouchers did not always identify the union business conducted. During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 2300 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Failure to Record Receipts

Local 2300 did not record in its receipts records the source of some of their deposits totaling at least \$348.00. For instance, on one occasion the local recorded the source of a tax refund as a "miscellaneous" deposit. The union must identify the source of the deposit and not use the word "miscellaneous." 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.

4. Lack of Salary Authorization

Local 2300 did not maintain records to verify that the salaries reported in Schedule 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes,

to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

5. Disposition of Property

Local 2300 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. For example, during the audit year, the union purchased t-shirts to give to members, however; no inventory for the t-shirts was found in union records. 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 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.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that Local 2300 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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. The Labor Organization Annual Report (Form LM-3) filed by Local 2300 for the fiscal year ended December 31, 2016 was deficient in the following area:

Acquire/Dispose of Property

Item 13 [LM-3] (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 the union gave away bibles and t-shirts totaling more than \$8,500.00 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Local 2300 file an amended LM report for 2016 to correct the deficient items, but Local 2300 has agreed to properly report the deficient items on all future reports it files 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 2300 officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 2300 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 United Mine Workers of America, Local 2300 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. Anthony Brnusak, President