



June 26, 2019

Mr. Thanh Cao, Financial Secretary
Auto Workers, UAW, Local 1416
721 Wehrle Drive
Cheektowaga, NY 14225

Case Number: 110-6014221 [REDACTED]
LM Number: 066540

Dear Mr. Cao:

This office has recently completed an audit of Auto Workers, Local 1416 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 Julie Rogers and you on June 20, 2019, 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 1416's 2018 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 1416's 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, if applicable. For example, an officer was reimbursed \$82.18 for a meal purchased at Wallenwein's Hotel on November 17, 2018, and while although the itemized meal receipt was retained, the names of those present and the union purpose was not recorded on the receipt. 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.

2. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$559 during 2018. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Lost Wages

Local 1416 did not retain adequate documentation for lost wage reimbursement payments to union officers for the majority of claims submitted. 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 1416 maintained a lost time and expense voucher for all reimbursements, however the union officers did not identify on the vouchers, the union business conducted. Vouchers contained descriptions such as "financial secretary day off" or "president's day", however these descriptions do not reflect the actual union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contains a sample which identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 1416 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 1416 for the fiscal year ended December 31, 2018, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 1416 did not report the names of some officers and/or the total amounts of payments to them or on their 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.

In addition, Local 1416 did not include some reimbursements to officers totaling at least \$559 in mileage reimbursements, and \$5,690 in officer meal and travel expenses, in the amounts reported Item 24, Column E. It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 1416 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. Deductions

Local 1416 listed officer's gross salaries and lost wages in Item 24, Column D, but did not enter the amount of deductions on Line 10, Less Deductions. The LM-3 Instructions state enter on Line 10 the total amount of withheld taxes, payroll deductions, and other deductions. Disbursements for the transmittal of withheld taxes, payroll deductions, and other deductions must be reported in Item 54 (Other Disbursements).

3. Failure to File Bylaws

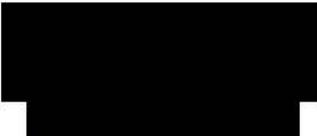
The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 1416 amended its constitution and bylaws in 2017, but did not file a copy with its LM report for that year.

Local 1416 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 1416 file an amended LM report for 2018 to correct the deficient items, but Local 1416 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 1416 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,



Supervisory Investigator

cc: Ms. Julie Rogers, President