



April 23, 2024

Ms. Rachel Hall, Financial Secretary-Treasurer  
United Auto Workers Local 3061  
P.O. Box 385  
Crestline, OH 44827

Case Number: 350-6028094( )  
LM Number: 544-037

Dear Ms. Hall:

This office has recently completed an audit of United Autoworkers Local 3061 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 April 22, 2024, 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 3061's 2023 records revealed the following recordkeeping violations:

#### 1. General Expenses

Local 3061 did not retain adequate documentation for reimbursed expenses incurred by you totaling at least \$1,198.36. For example, a receipt was not maintained for a \$400.00 purchase from Crestline Athletic Boost.

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. General Reimbursed Expenses

The union authorized \$6,000.00 in total expenses for the Christmas party and an expense check was issued to Recording Secretary Jessica Shambaugh in the amount of \$4,050.00 to purchase gifts for the Christmas party. The receipts for purchases related to the funds disbursed to Shambaugh failed to account for \$26.24.

Based on your assurance that Local 3061 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 3061 for the fiscal year ended December 31, 2023, was deficient in that:

1) Disbursements to Officers

Local 3061 failed to properly report allowances and disbursements to you on the LM-3 Report. The union erroneously reported \$6,019.00 in Item 24, Column E (Allowances and Other Disbursements), which should have been reported in Column D (Gross Salary). Furthermore, the gross salary of \$308.00 reported in Column D, should have been reported in Column E.

The union must report most direct disbursements to Local 3061 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) Acquire/Dispose of Property

Item 13 of the Form 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 gifts totaling more than \$3,682.50 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.

Based on your assurance that Local 3061 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to United Autoworkers Local 3061 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,

A solid black rectangular redaction box covering the signature of the investigator.

Investigator