

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cincinnati District Office
36 East Seventh Street
Room 2550
Cincinnati, OH 45202
(513) 684-6840 Fax:(513) 684-6845



September 19, 2007

Mr. Charles Webb, Financial Secretary
United Auto Workers Local 1040
2116 Bandit Trail
Cincinnati, OH 45434-5805

LM File Number: 012-164

Case Number: [REDACTED]

Dear Mr. Webb:

This office has recently completed an audit of United Auto Workers Local 1040 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 Investigators [REDACTED] discussed during the exit interview with you on July 10, 2007, 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 1040's 2006 records revealed the following recordkeeping violations:

1. Union Records not Maintained

The audit disclosed a violation of LMRDA Section 206 that requires, in part, that adequate records be maintained to verify, support, and clarify all union disbursements. Investigator [REDACTED] found that the following union records were missing: executive board meeting minutes for the entire audit period, membership meeting minutes for December 2006, and dues checkoff lists for April 2006 and December 2006.

2. Failure to Properly Record Receipts

The audit disclosed that the union recorded interest earned and received in 2005 as received in 2006. 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.

At the exit interview you informed Investigator [REDACTED] that you will start maintaining executive board meeting minutes, as well as all other records for Local 1040, and you agreed to maintain them for at least five years. You also agreed to keep accurate entries of the date each union receipt is received.

Based on your assurance that Local 1040 will retain adequate and accurate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 LM-3 filed by Local 1040 for fiscal year ending December 31, 2006, was deficient in that Local 1040 improperly reported interest earned and received in 2005 on its 2006 LM report.

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I am not requiring that Local 1040 file an amended LM report for 2006 to correct the deficient item, but Local 1040 has agreed to properly report interest earned on all future reports it files with OLMS.

I want to extend my personal appreciation to United Auto Workers Local 1040 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,

Lesta Chandler
District Director