

**U.S. Department of Labor**

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September 19, 2007

Mr. Raymond Rashford,  
Financial Secretary  
Auto Workers, AFL-CIO  
Local Union 1060  
4242 Blue Creek Road  
Munnsville, NY 13409

LM File Number 016-376

Case Number: [REDACTED]

Dear Mr. Rashford:

This office has recently completed an audit of Auto Workers Local Union 1060 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 and the other members of the executive board on September 17, 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 UAW Local 1060's records revealed the following recordkeeping violations:

1. General Reimbursed Expenses and Other Disbursements

Local 1060 did not retain adequate documentation for reimbursed expenses to President Douglas Parmeter and several other disbursements to various vendors. For example, the union did not retain a receipt or invoice for music service provided at the clambake by [REDACTED]. Also, a check issued to [REDACTED] for meeting expenses was not supported with documentation.

As previously 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. Clambake Records

The union failed to maintain a record of all door prize winners at the clambake. Not only are all receipts for the purchase of door prizes required, but all records need to be maintained to adequately show who the recipient of that particular door prize was.

In addition, Local 106 did not maintain records of the total number of tickets sold for the clambake. Furthermore, all remaining unsold tickets were not retained. A record is required to show the number of tickets sold and at what price they were sold. A deposit slip for the monies deposited and a duplicate receipt for that amount is not sufficient.

3. Meal Disbursements

The union failed to maintain supporting documentation for meals purchased by check at [REDACTED]. Itemized receipts for meals were not retained totaling at least \$790.00. The union must maintain itemized receipts provided by restaurants to union officers and employees. These itemized receipts are necessary to determine if such disbursements are for union

business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

In addition, Local 1060's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons in attendance at the meal.

4. Information not Recorded in Meeting Minutes

During the audit, Recording Secretary Robin Keller advised OLMS that some information shared at the membership meeting is not recorded in the minutes. Any information exchanged at the executive or membership meetings should be recorded in sufficient detail. Minutes of all membership or executive board meetings must also report any disbursement authorizations made at those meetings.

Based on your assurance that the union 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 Auto Workers Local 1060 for fiscal year ending December 31, 2006 was deficient in the following areas:

1. Disbursements to Officers

Local 1060 did not include some reimbursements to officers totaling at least \$1,382 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54, Other Disbursements. All reimbursements for airfare and hotel paid directly to the officer should be reported in Item 24.

The union must report most direct disbursements to Local 1060 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. 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 1060 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year with our office. During the audit, Local 1060 filed a copy of its constitution and bylaws with our office.

I am not requiring that Local 1060 file an amended LM-3 report for fiscal year 2006 to correct the deficient items, but as agreed, the union will properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to you, President Douglas Parmeter, Vice President Matthew Rook, and the entire executive board for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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: Douglas Parmeter  
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125 Rasbach Street  
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