

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Boston District Office
Room E365
JFK Federal Building
Boston, MA 02203
(617) 624-6690 Fax:(617) 624-6606



December 5, 2007

Mr. Frank Maloof, Treasurer
Auto Workers Local 1596
960 Turnpike Street, Suite 2C
Canton, MA 02021

LM File Number: 066-761

Case Number [REDACTED]

Dear Mr. Maloof:

This office has recently completed an audit of Auto Workers Local 1596 under the Compliance Audit Program (CAP) to determine your organizations compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on December 4, 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.

The CAP disclosed recordingkeeping and reporting violations.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts and vouchers, but also adequate additional documentation, if necessary, 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 note can be

written on it providing the additional information. In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all amounts.

The audit of Local 1596's 2006 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 1596 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.

The union must maintain itemized receipts provided by restaurants to officers and employees. The receipts must identify the name of the restaurant and note the number of members present for the meals and the union business.

2. Receipts Date not Recorded

An entry in Local 1596's receipts journal (Summary of Income by Months) reflects the date the local received the bank statement noting the deposit and not the actual date the money was deposited. An entry for \$1,711.31 in CD interest was documented in the local's receipts record in February 2006. The CD interest was actually received in December 2005. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2/LM-3. The LM-2/LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

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 LM-2 filed by Local 1596 for fiscal year 12/31/06 was deficient in the following area:

Receipts

Local 1596 reported \$1,711.31 more in Statement B, Item 40 (Interest) than actually received.

An entry for \$1,711.31 in CD interest was documented in the local's receipts record in February 2006. The CD interest was actually received in December 2005. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2/LM-3. The LM-2/LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

I am not requiring Local 1596 file an amended LM report for 2006 to correct the deficient items, but Local 1596 has agreed to retain adequate documentation and properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Auto Workers 1596 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,

Mark Letizi
District Director

cc: Mr. Donald Boehner, President