

U.S. Department of Labor

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September 26, 2007

Mr. Michael Nanno, Financial Secretary
Auto Workers AFL-CIO
Local 624
714 West Manlius Street
East Syracuse, NY 13057

LM File Number 032-214

Case Number: [REDACTED]

Dear Mr. Nanno:

This office has recently completed an audit of Auto Workers Local 624 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 President Douglas Havens on September 7, 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 624's 2006 records revealed the following recordkeeping violations:

1. General Expenses including Reimbursed Expenses

Local 624 did not retain adequate documentation to verify, clarify, and explain general and reimbursed expenses totaling at least \$19,259. For example, disbursements for airline passenger transportation were not supported by ticket receipts. As discussed, several other disbursements were not supported by original detail receipts.

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. Failure to Record Receipts

The local did not record in its records all interest and dividends received from union held accounts. A total of at least \$2,893 in interest income was received from union held accounts, and a total of at least \$2,429 in dividends was received from investments. However, only \$2,506 in interest was recorded in the union's custom software program as receipts. No dividends were recorded.

The local is also required to maintain documentation to account for all ticket sales concerning various union sponsored events such as the annual clambake. The union has agreed to maintain records of total number of tickets printed, tickets sold, the cost per ticket, and tickets unsold for specified events.

Generally, 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.

Based on your assurance that Local 624 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-2 filed by Local 624 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Failure to Report correct Bonding Amount

Local 624 did not correctly report the amount of bonding coverage for the audit year.

2. All Membership categories not Reported

Local 624 did not report all membership categories as required by the instructions. Specifically, although active members were reported, the number of retiree members was not reported.

3. Investments Reported As Cash

Local 624 incorrectly included the market value of securities held in its asset management account in Statement A (Assets and Liabilities), Line 22 (Cash). Generally, for LM reporting purposes, investment components of asset management accounts, such as marketable securities or US Treasury securities, should be reported on Line 26 (Investments) and Line 25 (U.S. Treasury Securities), respectively.

4. Interest and Dividends not Reported

Local 624 only reported \$2,510 in interest received on the LM-2, Item 40. However, the union received at least \$2,893 in interest between its credit union and money market accounts. The union also received \$2,429 in dividends from its investments. However, no dividends were reported in Item 41.

I am not requiring that Local 624 file an amended LM report for 2006 to correct the deficient items, but Local 624 has agreed to properly report the deficient items on all future reports it files with OLMS.

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Other Issue

Wage Reimbursement Policy

The audit revealed that the local's policy for actual hours worked by officers and members performing union business is inconsistent with the policy defined by the International. OLMS recommends that the local detail the circumstances in which an officer or member may receive payment for hours worked when performing union business. These policies should be contained in the local union's governing documents.

I want to extend my personal appreciation to Auto Workers Local 624 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,


Investigator

cc: Douglas Havens, President
Shavel Edwards, Chairperson of Trustees