

**U.S. Department of Labor**

Office of Labor-Management Standards  
Milwaukee District Office  
310 West Wisconsin Avenue, Suite 1160  
Milwaukee, WI 53203  
(414)297-1501 Fax: (414)297-1685



December 18, 2009

Mr. John Valko, President  
Auto Workers AFL-CIO Local 180  
3323 Kearney Ave  
Racine, WI 53406-4320

LM File Number: 036-604  
Case Number: [REDACTED]

Dear Mr. Valko:

This office has recently completed an audit of UAW Local 180 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 Financial Secretary Craig Olsen, Richard Glowacki, [REDACTED], [REDACTED], and you on November 17, 2009, 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 180's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 180 did not retain adequate documentation for reimbursed expenses you incurred totaling at least \$1,691. The voucher you completed for these expenses stated that the expenses were for airfare, lodging, per diem, meals, mileage, and registration fees for the National CAP Conference. However, no receipts were found for any of these expenses.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records. Additionally, union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Lost Wages

Local 180 did not retain adequate documentation for lost wage reimbursement payments to Financial Secretary Craig Olsen totaling at least \$12,279. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that most of the lost wages vouchers submitted by Mr. Olsen did not provide an adequate description of the union business conducted. The business purpose for most of Mr. Olsen's lost wage vouchers states, "financial secretary," "financial secretary treasurer," or "financial secretary's duties." A more detailed description of the union business conducted by Mr. Olsen that required the lost wages be incurred must be recorded on his lost wages vouchers.

Based on your assurances that Local 180 will maintain adequate documentation as discussed above in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### 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 Form LM-2 filed by Local 180 for fiscal year ending December 31, 2008, was deficient in the following area:

#### Disbursements to Officers and Employees

Local 180 did not include some reimbursements to officers and employees totaling at least \$446 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19 because descriptions entered in the purpose column of the union's disbursements journal for these disbursements include maintenance and repairs, postage, and office supplies.

Additionally, the union reported in Column E (Allowances Disbursed) of Schedule 11, a reimbursement of a profit sharing bonus not paid to officers by employer Case New Holland. Case New Holland paid a profit sharing bonus to all employees which was equal to 3% of total gross wages they were paid in 2007. To compensate officers whose total gross wages were reduced by the number of hours lost for conducting union business, Local 180 reimbursed each officer the amount they did not receive from the company because they lost wages. These payments are considered salary for LM reporting purposes, and should therefore have been included in the amount reported in Column D (Gross Salary Disbursements) for each officer.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 180 file an amended LM report for 2008 to correct the deficient items, but Local 180 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to UAW Local 180 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: Craig Olsen, Financial Secretary