

U.S. Department of Labor

Office of Labor-Management Standards
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September 26, 2008

Ms. Maxine Kominski, President
United Auto Workers
Local Union 524
3518 Robert T. Longway Boulevard
Flint, MI 48506

Re: Case Number [REDACTED]
LM File Number: 038-435

Dear Ms. Kominski:

This office has recently completed an audit of United Auto Workers Local 524 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 Financial Secretary Manuel Zaragoza on September 26, 2008, 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 524's records revealed the following recordkeeping violations:

1. Lost Wages

Local 524 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$557. The union must maintain records in support of lost wage claims that identify the dates and times (e.g. 8:00 a.m. to 4:00 p.m.) 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 Local 524 did not require claims submitted by officers to list the number of hours lost on each date for which lost hours were claimed or a description of the union business conducted.

During the exit interview, a sample of a disbursement voucher from the UAW Financial Officers Handbook was reviewed and discussed with you and Mr. Zaragoza. The sample identifies the type of information and documentation that Local 524 must maintain for lost wages.

2. Disposition of Property

During the audit period, Local 524 spent \$900 on the purchase of 100 hats, which were sold. The union failed to maintain adequate records to account for this property. The audit revealed 20 hats were in the union's inventory, but the union was unable to account for 78 hats. In the case of items sold to members, the date and amount received from every sale must be recorded in at least one union record, preferably on pre-numbered duplicate receipts issued in sequential order. In the case of items frequently distributed such as hats and t-shirts, the union can meet the recordkeeping requirement by maintaining an inventory record and requiring union personnel who distribute the items to record on the inventory record the date and quantity taken from supplies on hand.

3. Raffles

Local 524 did not record in its receipts records monies collected from the sale of 50/50 raffle tickets. The audit revealed that the general membership and executive board meeting minutes documented several 50/50 raffles that were conducted during the audit year. With respect to the sale of 50/50 raffle tickets, records must be maintained, at a minimum, that explain the number of tickets sold, the price of each ticket, and the amount of money collected. Records must be kept that identify the name of each person who sells tickets and the date and amount of money that

each person turns in to Local 524. Such records must show that the persons who sell tickets fully account for all of the tickets provided to them by returning any unsold tickets along with the money raised from sold tickets. All unsold tickets, and ticket stubs (if any), must be retained.

Authorization and approval of large and/or unusual disbursements and a full understanding of the level of wages, allowances, and expenses to which the union's officers and members are entitled should be recorded in the minutes of your membership or executive board meetings if they are not fully covered in the union's constitution and bylaws.

The recordkeeping requirement can be most easily satisfied with a descriptive bill, invoice, or receipt that identifies the vendor's name and address, the date and amount of the transaction, and the goods or services provided. If a receipt is not descriptive, you should note the missing information on the receipt. If a receipt is not provided by the vendor, then you must create a record containing the identifying information with a notation that original documentation was not provided.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements, in addition to, membership or executive board meeting minutes to document approval of disbursements. The president and financial secretary (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 524's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that Local 524 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to United Auto Workers Local 524 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials

Ms. Maxine Kominski

September 26, 2008

Page 4 of 5

provided are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Manuel Zaragoza, Financial Secretary