



June 13, 2014

Mr. Lance Agbuis, President
Auto Workers AFL-CIO Local 9
9618 W. Greenfield Avenue
West Allis, WI 53214

Case Number: 320-6000457
LM Number: 041402

Dear Mr. Agbuis:

This office has recently completed an audit of Auto Workers AFL-CIO Local 9 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 Bookkeeper Carol Meyer, Financial Secretary-Treasurer Kathleen Hofslund, and you on April 9, 2014, 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 9's 2013 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses

Union officers who received reimbursement for the business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$745. Mileage reimbursements were claimed on expense vouchers that normally identified the

total miles driven and the union business conducted; however, expense vouchers were not sufficient because they failed to identify the dates of travel, the number of miles driven each day, the mileage rate claimed, and the locations traveled to and from.

Local 9 must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

2. Wage Reimbursement Payments to MillerCoors

Local 9 did not retain adequate documentation for lost wage reimbursement payments to MillerCoors on behalf of Ms. Hofslund and you totaling over \$59,000.

The audit revealed that Local 9 has an arrangement with the company by which the company pays the wages of union officers and employees who are absent from their job to attend union business. On a regular basis, Local 9 faxes a letter to MillerCoors to identify the names of officers and employees who will be absent from work to perform union business, the number of hours they will be absent, and the dates they will be absent. MillerCoors pays the wages for these individuals based on the information in the letter and bills the union for those wages. The audit also revealed that Local 9 maintains a separate spreadsheet for lost wage claims that shows the dates the lost wages were incurred, the number of hours lost, and the applicable rate of pay.

Local 9 did not identify the business purpose of the lost wages on the letters submitted to the company nor on the spreadsheet used to track officers' and employees' lost wage claims. During the exit interview, Ms. Meyer, Ms. Hofslund, and you advised that no other record is created or maintained by the local identifying the business purpose of lost wage claims for instances Ms. Hofslund and you worked in the union office. Records must be maintained 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.

3. Check for Hall Rental, Debit Card Expense, and Petty Cash Disbursement

Local 9 did not retain adequate documentation for a check issued to rent a hall for a contract meeting, a debit card purchase for airfare, and a petty cash purchase for a lunch expense totaling at least \$960. For example, Local 9 failed to retain adequate supporting documentation for a \$336.60 debit card charge to Delta Airlines on January 31, 2013 for Ms. Hofslund's airfare to a financial officer conference in New Orleans, LA. In support of this debit card charge, Local 9 only retained the boarding passes from Ms. Hofslund's flight; the itemized invoice from Delta Airlines was missing from the union's records.

As another example, Local 9 did not retain adequate supporting documentation for check [REDACTED] for \$500.00 that was issued to American Serb Memorial Hall on August 13, 2013 for a special contract meeting for the Miller Brewery Workers bargaining unit. In support of

this check, Local 9 only retained a voucher; the itemized invoice from American Serb Memorial Hall was missing from the union's records.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. In the case of meal expenses, records retained 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, and itemized receipts must be retained to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. 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.

4. Failure to Record Receipts

Local 9 did not record in its receipts records some retiree dues payments from Auto Workers Local 248's retiree chapter totaling at least \$240.00. For example, Local 9 did not record the source and the amount of individual dues payments for \$180.00 in cash and checks that were received from members of Local 248's retiree chapter on May 21, 2013. The only record retained in support of these payments was a deposit slip and a handwritten note showing the total amount collected. 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 9 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 9 for the fiscal years ended December 31, 2012 and December 31, 2013, were deficient in the following areas:

1. Disbursements to Officers and Employees

Local 9 did not include some reimbursed expenses to Vice President John Biniok, Recording Secretary Marie Britt-Sharpe, Pension Plan Administrator Patricia Demski, and Ms. Meyer totaling at least \$1,145 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). Local 9's expense vouchers for the audit year indicate that Mr. Biniok, Ms. Britt-Sharpe, Ms. Demski, and Ms. Meyer received reimbursed expenses totaling \$1,889. However, the total amount reported in Column F (Disbursements for Official Business) of Schedule 11 and Schedule 12 for Mr. Biniok, Ms. Britt-Sharpe, Ms. Demski, and Ms. Meyer is \$744. During the exit interview, Ms. Hofslund, Ms. Meyer, and you stated that the reimbursed expenses not included in the totals reported in Schedule 11 and Schedule 12 were probably supplies for retiree parties and door prizes for meetings. It

appears that some payments for reimbursed expenses were erroneously included in the amounts reported in Item 5 (All Other Disbursements) of Schedule 18 (General Overhead) and Schedule 19 (Union Administration).

Local 9 also did not include some taxable officer allowances totaling at least \$962 that were paid to Ms. Hofslund and you in Schedule 11. Local 9's expense vouchers for the audit year indicate that Ms. Hofslund and you received officer allowances totaling \$2,574. However, and the total amount reported in Column E (Allowances Disbursed) of Schedule 11 for Ms. Hofslund and you is \$1,612. Ms. Hofslund, Ms. Meyer, and you indicated that Local 9 changed the category in Robert Custom Software used to record officer allowances, which resulted in the officer allowances not being reported correctly on the Form LM-2. It appears that some of the officer allowance payments were erroneously included in Schedule 11, Column F (Disbursements for Official Business). The Form LM-2 instructions require that allowances paid to officers and employees on a daily, weekly, monthly, or other periodic basis must be reported in Column E of Schedules 11 and 12.

Direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur must be reported in Column F of Schedules 11 and 12. However, 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 must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

2. Wage Reimbursements to MillerCoors

Local 9 failed to correctly report payments totaling at least \$42,517 made on behalf of officers and employees in Schedule 11 and Schedule 12 on the Form LM-2 filed for fiscal year ended (FYE) December 31, 2012. As previously mention, Local 9 has an agreement with MillerCoors in which the Local reimburses MillerCoors for wages paid to union officers and employees who are absent from their job to attend union business. These payments are considered "indirect disbursements" to officers and employees, which are required to be reported in Column D (Gross Salary Disbursements) of Schedule 11 and Schedule 12. It appears these payments were erroneously reported in Schedule 19 (Union Administration). In addition, payments to MillerCoors for the reimbursement of employer taxes related to the wages must be reported in Item 5 (All Other Disbursements) of Schedule 19.

3. Outstanding Liability owed to MillerCoors for Wage Reimbursements

Local 9 failed to report an outstanding liability totaling at least \$79,618 for wages MillerCoors paid to officers and employees for time spent working on union business in Item 33 (Other Liabilities) and Schedule 10 (Other Liabilities). Ms. Meyer and Ms. Hofslund stated that Local 9 does not reimburse MillerCoors for wages paid to officers and employees

who are absent from their job to attend union business until the union receives a bill from the company. The last bill Local 9 received from MillerCoors was in October 2012. Local 9 must report its outstanding liability to MillerCoors for wages MillerCoors paid to officers and employees from October 2012 through December 2012 in Item 33(A) (Start of the Reporting Period). The wages MillerCoors paid to officers and employees for working on union business during 2013 must be reported in Schedule 10 on the LM-2.

4. Acquire/Dispose of Property

Item 15 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because Local 9 gave away bottles of alcohol and baskets of alcohol during union meetings and raffled prizes at the annual Christmas parties. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees."

5. Failure to Report Retirees

Local 9 failed to report all categories of membership that is tracked by the union in Schedule 13 (Membership Status). The audit revealed that Local 9 did not report the number of retirees in Schedule 13. Local 9 must enter the categories of membership tracked by the union, and provide a definition of each category of membership in Item 69 (Additional Information). The definition should include a description of the members covered by the category and indicate whether the members pay full dues.

Local 9 must file an amended Form LM-2 for the FYE December 31, 2013, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 must be filed no later than June 27, 2014. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Auto Workers Local 9 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,

Thomas Murray
Supervisory Investigator

cc: Ms. Kathleen Hofslund, Financial Secretary-Treasurer