



November 18, 2014

Mr. Michael Godlewski, President
Auto Workers AFL-CIO Local 75
9618 West Greenfield Avenue
West Allis, WI 53214

Case Number: 320-6002676 [REDACTED]
LM Number: 041010

Dear Mr. Godlewski:

This office has recently completed an audit of Auto Workers AFL-CIO Local 75 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-Treasurer Jerome Lavora on October 22, 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 75's 2013 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and Reimbursements to Officers

Local 75 did not retain adequate documentation for disbursements to vendors and payments to Mr. Lavora and member [REDACTED] totaling at least \$1,070. For example, adequate supporting documentation was not retained for a \$683.10 check issued to Motor City Casino Hotel on March 21, 2013 for the UAW Chrysler Council Meeting in Detroit,

MI from April 14, 2013 to April 17, 2013. In support of that expense, Local 75 only retained the voucher and copies of two faxes received from the hotel requesting credit card authorizations to reserve the rooms, which is not sufficient. As another example, no supporting documentation was retained for Local 75's monthly office rent payments to the Greater Milwaukee UAW Building Corporation.

As 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. Reimbursed Auto Expenses

Mr. Lavora, Vice President Paul Anderson, member [REDACTED], member [REDACTED], and you all received reimbursements for business use of personal vehicles but did not retain adequate documentation to support payments made to yourself and them totaling at least \$1,559 during 2013. 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, and the locations traveled to and from.

Local 75 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.

3. Failure to Record Receipt Dates and Source of Receipts

Entries in Local 75's receipts journal reflect the date money was deposited but not the date money was received for receipts totaling at least \$18,598 during the audit year. The audit also revealed that entries in Local 75's receipt records failed to identify the source of the receipts from privately conducted 50/50 raffles totaling at least \$290. The source of the receipts from 50/50 raffles was often listed as "50/50 raffle" on the duplicate receipts. 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.

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-3. The 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.

Based on your assurance that Local 75 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-3) filed by Local 75 for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (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 the union gave away a television set that cost \$316.79 during the year. 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. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Local 75 did not include some reimbursements to you, Mr. Lavora and Retiree at Large Richard Rosinski totaling at least \$2,285 in Item 24 (All Officers and Disbursements to Officers), Column E (Allowances and Other Disbursements). Local 75's expense vouchers for the audit year indicate that you, Mr. Lavora, and Mr. Rosinski received reimbursed expenses totaling \$4,104; however, the total amount reported in Column E of Item 24 for you, Mr. Lavora and Mr. Rosinski was \$1,534. It appears the union erroneously reported these payments in Items 48 (Office and Administrative Expense) and/or Item 54 (Other Disbursements).

Most direct disbursements to Local 75 officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 75 file an amended LM report for 2013 to correct the deficient items, but Local 75 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Counter Checks for Cash Withdrawals

During the opening interview Mr. Lavora stated that in 2014 he made at least one disbursement from Local 75's General Fund checking account using a counter check at the bank to get cash instead of writing a regular check. Mr. Lavora said that using a counter check only requires a single signature, as opposed to a regular check, which requires two signatures.

Article VIII, Section 2 of Local 75's bylaws requires that all disbursements of Local Union funds be made by check and that all checks must be signed by the Local Union Financial Secretary-Treasurer and counter-signed by the Local Union President. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a counter check that only requires a single signature does not allow the second signatory to attest to the authenticity of a completed check and negates the purpose of the two signature requirement. OLMS recommends that Local 75 review these procedures to improve internal control of union funds.

2. Vouchers from Retired Workers Chapter Local 75

The audit revealed that Article IX, Section 2 of the Retired Workers Chapter Local 75's (RWC) bylaws requires RWC's officers to submit vouchers to the Local 75 financial secretary in order to authorize the disbursements of RWC's funds that are controlled by Local 75; however, the audit revealed Local 75 paid expenses incurred by officers and members of RWC without the required vouchers being submitted. OLMS recommends that RWC to either follow the procedures in its bylaws for the authorization of disbursements or that RWC update its bylaws to accurately reflect its current practice in this area.

I want to extend my personal appreciation to Auto Workers AFL-CIO Local 75 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Jerome Lavora, Financial Secretary-Treasurer