



February 21, 2019

Mr. Daryl Shaumburger, President
Auto Workers, AFL-CIO, Local 245
1226 Monroe Street
Dearborn, MI 48124

Case Number: 320-6014902 [REDACTED]
LM Number: 043450

Dear Mr. Shaumburger:

This office has recently completed an audit of Auto Workers, AFL-CIO, Local 245 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 David Curson Jr., Vice-President Micheal Susalla, and Bookkeeper Larry Niner on February 08, 2019, 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 245's 2017 records revealed the following recordkeeping violations:

1. Disbursements to Vendors

Local 245 did not retain adequate documentation for payments to vendors totaling at least \$1,396.85. For example, adequate supporting documentation was not retained for a \$375 check to Tony Fick on September 25, 2017 for painting the president's office and an

\$873.60 check to Cordial Shoppe on November 30, 2017 for the children's Christmas Party. In support of these payments, Local 245 retained only vouchers, which are not sufficient.

As noted above, labor organizations must retain original receipts, bills, invoices, 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. Disposition of Property

The audit found that Local 245 gave away and sold hats, shirts, jackets and other items totaling at least \$8,592. While Local 245 did retain receipts totaling \$2,394 for items sold, it did not maintain records that identified the date, value of the items, or the recipients for the items given away totaling \$6,198. Records must be retained which account for all union property. In the case of hats, shirts, jackets, and other items sold or given away to members, records must be maintained to clarify and support information required to be reported by Local 245 in Statements A (Assets and Liabilities) and B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-2). The value of any hats, shirts, jackets, or similar property on hand at the beginning and end of the year should be reported in Item 28 (Other Assets). In addition, the type and value of any property received or given away must be identified in the additional information section of the Form LM-2 report with the identity of the recipient(s) or donor of such property.

In addition, in the case of items given away to members, the union must retain records that identify the items given away, date the items were given away, the approximate value of the items, and the recipients of those items.

Based on your assurance that Local 245 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 245 amended its constitution and bylaws in 2009, but did not file a copy with its LM report for that year.

Local 245 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Auto Workers Local 245 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 area.

Investigator

cc: Mr. David Curson Jr, Financial Secretary
Mr. Micheal Susalla, Vice-President