



July 30, 2019

Mr. Larry Rhoades, Financial Secretary
Mine Workers Local 1570
1042 Helens Run Road
Farmington, WV 26571

Case Number: 140-6015702 [REDACTED]
LM Number: 066-028

Dear Mr. Rhoades:

This office has recently completed an audit of Mine Workers Local 1570 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 on July 30, 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 Violation

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 1570's 2017 records revealed the following recordkeeping violation:

Lack of Salary Authorization

Local 1570 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes,

to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 1570 will retain adequate documentation 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-3 filed by Local 1570 for the fiscal year ended December 31, 2017 was deficient in that:

Disbursements to Officers

Local 1570 did not include some reimbursements to officers totaling at least \$1,574.22 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense). The union must report most direct disbursements to Local 1570 officers and some indirect disbursements made on behalf of its officers 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 1570 file an amended LM report for 2017 to correct the deficient items, but Local 1570 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Pre-Signing Checks

During the audit, you advised that it is an occasional practice of Local 1570 to pre-sign utility payment checks if the invoice is not received by the union's monthly membership meeting. The two signature requirement that Local 1570 has in place is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, pre-signing checks does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement.

OLMS recommends that Local 1570 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Mine Workers Local 1570 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 solid black rectangular box used to redact the signature of the investigator.

Investigator