

U.S. Department of Labor

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September 24,2008

Mr. Hubert Lowe
Financial Secretary
United Mine Workers AFL-CIO
Local Union 5958
PO Box 386
Omar, WV 25838-0386

LM File Number 020-394
Case Number: [REDACTED]

Dear Mr. Lowe:

This office has recently completed an audit of Local Union 5958 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 September 18,2008, 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 Vi _____

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 Union 5958's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 5958 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$3,302.50. For example, President Ernest Woods purchased a microphone and sound-amplification system for \$1,612.50 in September 2007 but did not maintain any receipts.

As previously 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. Meal Expenses

Local 5958 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$381.89. For example, President Ernest Woods used the union credit card on April 25, 2007, at Quaker Steak in Charleston, West Virginia; however, he did not maintain any records for the \$262.84 meal expense. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 5958 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses 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.

3. Lost Wages

Local 5958 did not retain adequate documentation for lost wage reimbursement payments to union officers. The union must maintain records 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. The OLMS audit found that Local 5958 lost wage records identified the date lost wages were incurred, the number of hours lost and a description of the union business conducted. However, Local 5958 records failed to identify the applicable rate of pay for the lost wage reimbursements.

During the exit interview, I reviewed the Wage, Lost Time and Expense Voucher, L-201 that is required for use by local union by the United Mine Workers of America. This form identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

4. Lack of Salary Authorization

Local 5958 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.

During the exit interview you reported salary authorizations will be addressed during the next general membership meeting.

Based on your assurance that Local 5958 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local Union 5958's officers and employees are currently bonded for \$15,000, but they must be bonded for at least \$15,485.90. Local Union 5958 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than September 30, 2008.

I want to extend my personal appreciation to Local Union 5958 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,

[REDACTED]

Investigator

cc: Kevin Luthy, President