

U.S. Department of Labor

Employment Standards Administration  
Office of Labor-Management Standards  
Milwaukee District Office  
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May 9, 2005

Mr. David Eichmann, President  
UAW, Local 2132

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Re: [REDACTED]

Dear Mr. Eichmann:

This office has recently completed an audit of UAW, Local 2132 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 Jean Ryan on March 23, 2005, 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 record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local 2132's records:

- 1) Several pages of bank statements for both the checking account and the savings account were not retained.
- 2) Meeting minutes could not be located for either the March 2004 membership meeting or the executive board meetings held from between June and and October 2004. The preceding meeting minutes did not indicate a postponement or cancellation of any meetings.

As a general rule, all records created or received during the course of union business must be retained, including meeting minutes.

As agreed, provided that Local 2132 maintains adequate records in the future, no additional enforcement action will be taken regarding this violation.

#### Reporting Violations

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 2132 for fiscal year ending December 31, 2003 was deficient in the following areas:

- 1) Some payments to officers were not properly reported in Item 24 of the LM-3 report. All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) for cash, property, goods, services, or other things of value received by or on behalf of an officer.

Lost time reimbursements paid to SNC Manufacturing by Local 2132 on behalf of individual officers are considered to be indirect disbursements to officers for LM-3 reporting purposes. These payments should be reported in Item 24 (column D) (Gross Salary) next to the individual officer's names for whom the lost time reimbursement payments were made.

- 2) Monthly expense allowance payments to officers were erroneously reported in Item 24, Column E (Allowances and Other Disbursements).

During the organizational interview on 1/19/05, Financial Secretary Jean Ryan and Recording Secretary Karen Wacholz informed me that the "monthly expense allowance" the officers receive from Local 2132 is intended to compensate the officers for the work that they do for Local 2132, and that the payments are not reimbursements to officers for specific out-of-pocket expenses. Payments to officers made as compensation for their union duties are considered salary for LM-3 reporting purposes and should be reported in Item 24, Column D (Gross Salary).

I am not requiring that Local 2132 file an amended LM-3 report for 2003 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

#### Other Recommendations

The audit revealed that you, Vice President McIntosh, and Recording Secretary Wacholz received salary payments each month that were double the amounts authorized in Local 2132's bylaws.

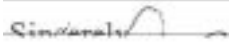
Financial Secretary Ryan advised me that Local 2132 was an amalgamated union many years ago when it represented employees at Nercon Engineering and Manufacturing Inc. Ms. Ryan stated that you and Vice President McIntosh receive double salary payments because of your dual positions as officers and

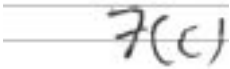
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members of the SNC bargaining committee and that Recording Secretary Wachholz received double salary payments because of the union's representation of employees at both SNC and Nercon. Local 2132 has not represented any employees at Nercon for many years. Local 2132's bylaws do not properly detail the authorized compensation currently paid to officers. I suggest that Local 2132 take steps to record the authorized salary amounts by discussing them at a future meeting and recording them in meeting minutes or some other internal document when the authorized salaries have been recorded in union records. I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to Ms. Ryan are passed on to your and her successors at whatever time you may leave office.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.





Investigator

cc: Jean Ryan, Financial Secretary

