

**U.S. Department of Labor**

Employment Standards Administration  
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October 1, 2009

Mr. Jimmy Porter, President  
Auto Workers, AFL-CIO  
1004 North 50<sup>th</sup> Street  
Birmingham, AL 35212

LM File Number: 033-272  
Case Number: [REDACTED]

Dear Mr. Porter:

This office has recently completed an audit of Auto Workers Local Union 1155 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, Financial Secretary Trotter, and Bookkeeper Allan on September 21, 2009, 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 1155's 2008 records revealed the following recordkeeping violations:

1. Lost Wages

Local 1155 did not retain adequate documentation for lost wage reimbursement payments to Election Committeeman Greg Swindall totaling at least \$341.00 that was paid on 6-4-2008. 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 1155 did not maintain a lost wage voucher for the time, nature of union business conducted, and date conducted for the lost wages paid to Swindall.

2. Failure to Maintain Records/Supporting Documentation for Disbursements

Local 1155 did not retain adequate documentation for disbursements and/or expenses totaling at least \$2,227.87. For example, Check Number [REDACTED], dated 6-4-08, in the amount of \$43.80, payable to Home Depot for supplies did not have an invoice, bill, or receipt; Check Number [REDACTED], dated 10-28-08, in the amount of \$1,585.82, payable to UBE/Air for air fare and travel expenses to Black Lake, MI, for training for President Porter, Chairman Baker, Committeeman Nix, and Committeeman Ramsey did not have a receipt, ticket stub, or invoice; and Check Number [REDACTED], dated 4-2-08, in the amount of \$200.10, payable to Ruel B. Martin for travel expenses did not have an invoice, bill, or receipt.

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.

Based on your assurance that Local 1155 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 violations 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 1155 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Failure to Itemize Professional Fees

Local 1155 reported \$0.00 spent on professional fees on Line 49 for the FYE 12-31-2008. The audit revealed Local 1155 spent \$4,063.00 on professional fees for the FYE 12-31-2008. For LM reporting purposes OLMS considers payments made for "outside" legal and professional services to include auditing, computer consulting, arbitration, and research and should be reported on Line 49.

2. Fixed Assets Not Reported

Local 1155 did not properly assess the value of their land while computing the value of their fixed assets. Lines 29a and 29b of the Form LM-3 did not include the value of the union owned land located in Birmingham, AL. For LM reporting purposes, OLMS considers land to be a fixed asset and should be reported on line 29a and 29b.

3. Office and Administrative Expenses Not Properly Reported

Local 1155 did not properly report their expenses of \$28,578 for utilities, office supplies, telephone service, FICA taxes, and direct payments to providers for travel by union officers. Line 48 was annotated with \$9,195.00 but did not include some direct payments to travel providers and utilities. For LM reporting purposes, OLMS considers these type expenses as office and administrative expenses and should be reported on Line 48.

4. Other Disbursements Not Properly Reported

Local 1155 did not properly report their other disbursements totaling at least \$18,298.00 for withholding taxes. The payroll records and W-2s revealed the withholding amount from the officers and the employees of Local 1155 for the FYE 12-31-2008 was \$18,298.00. The union must properly report in line 54 all withheld taxes and payroll deductions.

I am not requiring that Local 1155 file an amended LM-3 report for 2008 to correct the deficient items, but Local 1155 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local 1155 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,



Investigator

cc: Treasurer Carl Bryan Trotter, Jr.