



January 30, 2012
Mr. Patrick Veeseer, President
Auto Workers AFL-CIO Local 1102
P.O. Box 10544
Green Bay, WI 54307-0544

Case Number: [REDACTED]
LM Number: 018868

Dear Mr. Veeseer:

This office has recently completed an audit of Auto Workers AFL-CIO Local 1102 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 Financial Secretary Kenneth Kox and you on January 17, 2012, 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 1102's 2010 records revealed the following recordkeeping violations:

1. Check for Live Band at Annual Union Banquet and Reimbursements for Officer Expenses

Local 1102 did not retain adequate documentation for check [REDACTED] for \$400 to [REDACTED] on January 16, 2010 for what is identified on a disbursement voucher as for a live band at a union banquet held on January 23, 2010. No other supporting documentation was retained in support of that disbursement. In addition, adequate documentation was not retained for

payments to you for some reimbursed expenses and meals. For example, adequate documentation was not retained for a \$27.00 meal expense at Stadium View Restaurant incurred by you for Local 1102 retiree meeting held in February 2010. Local 1102 retained an itemized meal receipt and disbursement voucher with the business purpose of the meal on the voucher, but the receipt was not sufficient in that it did not contain the names and titles of the people present at the meal.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. 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. 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. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Failure to Record some Refund Payments

Local 1102 failed to record some monies received as refunds for service fees assessed by M&I Bank in its receipts records maintained in its accounting software, Roberts Custom Software (RCS). The audit also revealed that in many instances bank debits for monthly bank fees recorded in the union's records for its checking account at M&I Bank were the net difference between the total refunds credited to the account by the bank less the monthly bank fees charged by the bank.

Mr. Kox advised that the Labor Organization Annual Report (Form LM-3) filed by Local 1102 for its fiscal year ended December 31, 2010 was prepared based on the information recorded in RCS, and that as a result some receipts from refunds and disbursements for bank fees noted above were not included in the figures reported on the LM-3. The purpose of Statement B (Receipts & Disbursements) of the LM-3 is to report the flow of cash in and out of your organization during the reporting period. Since Statement B reports all cash flowing in and out of your organization, "netting" is not permitted. "Netting" is offsetting of receipts against disbursements and reporting on the balance (net) as either a receipt or disbursement. The total amount of refunds received during the fiscal year must be reported as a receipt in Item 43 (Other Receipts) and bank fees must be reported as disbursements in Item 54 (Other Disbursements). In addition, records must be retained to enable OLMS to verify the accuracy of the figures reported in these items.

Based on your assurance that Local 1102 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 a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The LM-3 filed by Local 1102 for the fiscal year ended December 31, 2010, was deficient in that:

Disbursements to Officers

Local 1102 did not include some payments to officers totaling at least \$300 in Item 24 (All Officers and Disbursements to Officers). Local 1102's disbursement journal reflect that Vice President Joe Behnke, Bargaining Unit Chair Craig Kosbab, and you received reimbursements and other payments totaling at least \$4,588. However, the amounts reported in Column E (Allowances and Other Disbursements) of Item 24 total only \$4,280. You were unable to explain the reason for the difference, and stated that it is likely some of the disbursements were erroneously reported in either Item 48 (Office & Administrative Expenses) or Item 54 (Other Disbursements).

Most direct disbursements to Local 1102 officers and some indirect disbursements made on behalf of its officers must be reported 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 1102 file an amended LM report for 2010 to correct the deficient items, but Local 1102 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Auto Workers Local 1102 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,



Senior Investigator

cc: Mr. Kenneth Kox, Financial Secretary