

U.S. Department of Labor

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January 29, 2009

Ms. Jennifer Hesser, President
United Autoworkers AFL-CIO
Local 1224
1102 Carlisle Avenue
Bellefontaine, OH 43311

LM File Number 019-223
Case Number: [REDACTED]

Dear Ms. Hesser:

This office has recently completed an audit of UAW Local 1224 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-Treasurer Lola Blair, and Recording Secretary Larry Stewart on December 9, 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 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 1224's 2007 records revealed the following recordkeeping violation:

Information not Recorded in Meeting Minutes

During the audit, Financial Secretary-Treasurer Lola Blair advised OLMS that the executive board authorizes expenses at its meetings and presents them at the membership meetings. Article VIII (D) of Local 1224's Constitution and Bylaws requires that the recording secretary take the executive board meeting minutes and read them to the members at the next membership meeting. However, Local 1224 maintained no meeting minutes of any executive board meetings or membership meetings in 2007. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1224 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 Labor Organization Annual Report (Form LM-3) filed by Local 1224 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Purchase and Disposal of Property

Local 1224 failed to report correctly the purchase of a computer tower for \$418.00 and t-shirts for \$414.00 in Item 52 (Purchase of Investments and Fixed Assets) during the audit year 2007. Assets that remain in inventory at the end of the reporting period must be reported in Item 29 (Fixed Assets) of the LM report.

In addition, Local 1224 failed to report correctly the disposal of a computer which was sold for \$25.00 in Item 42 (Sale of Investments and Fixed Assets). An asset that is removed from inventory during the year must be deducted in Item 29 (Fixed Assets) of the LM report.

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away t-shirts totaling \$414.00 during the year. The union must identify the type and value of any property received, purchased, given away or sold in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

2. Disbursements to Officers

Local 1224 did not include some reimbursements to officers totaling at least \$2,049.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). These reimbursable expenses included office supplies and other supplies needed for the support of Local 1224's strike. It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 1224 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).

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 1224 amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year.

Local 1224 has now filed a copy of its 2004 constitution and bylaws.

Local 1224 must file an amended Form LM-3 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. Investigator Sheneman provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to UAW Local 1224 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,

Brian A. Pifer
District Director

cc: Lola Blair, Financial Secretary-Treasurer