

**U.S. Department of Labor**

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May 20, 2009

Ms. Marie Crowe, Financial Secretary-Treasurer  
Auto Workers AFL-CIO  
Local 2406  
P. O. Box 751655  
Memphis, TN 38175

LM File Number 541-776

Case Number: [REDACTED]

Dear Ms. Crowe:

This office has recently completed an audit of Auto Workers Local 2406 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 [REDACTED] on April 7, 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.

The CAP disclosed:

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 2406 2007 records revealed the following recordkeeping violations:

1. Information not Recorded in Meeting Minutes

During the audit, ██████████ advised OLMS that the membership authorized ██████████ to attend the Women's Council meeting on December 6 and 7, 2007, and she believed this was approved at the October 2007 membership meeting. In addition, Local 2406 paid ██████████ for lost wages incurred while attending the local's audit in her former capacity as the local's financial secretary-treasurer. ██████████ stated that the membership approved the expenditure. The local's bylaws section entitled "Powers of Administration" reference the membership as the highest authority and is empowered to take or direct any action not inconsistent with the Constitution and Bylaws. Between membership meetings, the Executive Board shall be empowered to act on behalf of the membership to transact urgent business. Between executive board meetings, the president shall act on behalf of the local subject to subsequent approval of the Executive Board. However, the minutes of the meeting do not contain any reference to those issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Failure to Maintain Meeting Minutes

The local did not maintain the executive board meeting minutes for March 2007. Article 40, Section 3 of the UAW Constitution dated June 2006 states, "The Recording Secretary shall keep a correct record of the proceedings of the Local Union."

Based on your assurance that Local 2406 will retain adequate documentation in the

future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Other Issues

##### 1. Duplicate Receipts

Committee members of Local 2406 collect monies from T-shirt sales directly from the members. However, duplicate receipts are not issued to the purchasers. OLMS recommends that Local 2406 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

##### 2. Computerized Records

After [REDACTED] resigned as financial secretary-treasurer, she continued to maintain the electronic back-ups of the local's computerized records. According to Article 4, Section 11 of the UAW Constitution, it states that, "The Treasurer shall deliver to her/his successor all monies and other property of the Local Union." During the exit interview, [REDACTED] revealed that she turned over the records to you after OLMS began its audit.

I want to extend my personal appreciation to Auto Workers Local 2406 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: Brenda Russell, President