



May 18, 2011

Mr. Joseph Dassaro, President
Auto Workers AFL-CIO
Local 2828
4348 Carlotta Street
Charlotte, NC 28208-5815

Case Number: [REDACTED]
LM Number: 021876

Dear Mr. Dassaro:

This office has recently completed an audit of Auto Workers AFL-CIO 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, Secretary Treasurer Angela Peterson, and Shop Stewards Phyllis Cheek and James Peterson on May 11, 2011, 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 2828's 2010 records revealed the following recordkeeping violations:

1. Failure to Record Disbursements

Local 2828 did not record in its disbursement records some ACH debits and bank charges totaling at least \$4,850. For example, the union did not record on check stubs or monthly ledgers any disbursements other than checks. Union disbursement records must include an adequate identification of all money the union disburses. The records should show the date, amount disbursed, payee, and reason (memo) to explain the disbursement.

2. General Disbursements

Local 2828 did not retain adequate documentation for disbursements totaling at least \$25,000. For example, the local failed to retain vouchers to explain disbursements to officers or vouchers and invoices/receipts for some disbursements to vendors.

As 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.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorizes disbursements and the sale of the property on Carlotta Street. Article VI, Section 1 and 2 requires membership approval for actions affecting the interests of the Local Union. However, Local 2828 maintained no minutes of that meeting. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 2828 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 Labor Organization Annual Report (Form LM-3) filed by Local 2828 for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Disbursements to Officers

Local 2828 did not include some reimbursements to officers totaling at least \$255.92 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 2828 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. Disbursements

Local 2828 did not properly report the total amount of cash disbursements in Items 45 through 54. For example, it appears that the local reported the gross amount as being disbursed to officers in Item 45 and reported the disbursement of payroll taxes and other payroll deductions in Item 54 (Other Disbursements).

4. 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 2828 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 2828 has now filed a copy of its constitution and bylaws.

Local 2828 must file an amended Form LM-3 for the fiscal year ended December 31, 2010, to correct the deficient items discussed above. Blank form 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, but not later than May 27, 2011. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Salary Overpayment

The audit revealed that Local 2828 issued an overpayment of back salary disbursements to you as president. Check number [REDACTED] and [REDACTED] both indicate that they are for back pay for June/July through December 2009. As discussed, please review these disbursements and determine whether there is a recordkeeping error or if the local is due a reimbursement of this overpayment.

I want to extend my personal appreciation to UAW Local 2828 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]

Senior Investigator