



January 20, 2011

Mr. Bruce Zalaski, President  
Auto Workers LU 712  
541 North Main Street  
Bristol, CT 06010-4125

Case Number: [REDACTED]  
LM Number: 027507

Dear Mr. Zalaski:

This office has recently completed an audit of Auto Workers LU 712 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, Treasurer Dale Soucy and International Rep. Barry Bayly on January 14, 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.

#### 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 712 for fiscal year ending December 31, 2009 was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 712 did not include some reimbursements to officers totaling at least \$398 to President Bruce Zalaski, and \$653 to Treasurer Dale Soucy in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 712 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).

2. Over-Reported Total Receipts and Total Disbursements

Local 712 reported Total Receipts of \$119,277 and Total Disbursements of \$117,103 for the year 2009. The audit determined that actual receipts and disbursements were approximately \$6,000 less than the reported amounts. Treasurer Dale Soucy confirmed that he included fund transfers of \$6,000 in both the Receipts and Disbursements sides of the Form LM-3, in Item 44 (Other Receipts) and Item 54 (Other Disbursements), and stated that he may also have included voided checks on both sides as well. The instructions specifically discuss fund transfers, and state that they should not be included in the union's receipts and disbursements. Therefore, LU 712 over-reported both receipts and disbursements by at least \$6,000.

3. Under-reported Interest

You reported the Interest & Dividends earned as \$2,236, when in fact the total interest earned by LU 712's funds in 2009 was \$2,260.

4. Under-reported Bond coverage

You reported on your Form LM-3 that LU 712's bond coverage is \$50,000. In fact, the bond currently held by LU 712 is for \$500,000. This should be correctly reported in the future.

Local 712 must file an amended Form LM-3 for fiscal year ending December 31, 2009, to correct the deficient items discussed above. I provided you with instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://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 January 28, 2011. 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 Auto Workers LU 712 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: Mr. Dale Soucy, Treasurer