



February 22, 2011

Mr. Darin Gilley, Financial Secretary
UAW St. Louis CAP Council
2820 Gray Summit Road
Pacific, MO 63069

Case Number: [REDACTED]
LM Number: 068924

Dear Mr. Gilley:

This office has recently completed an audit of UAW St. Louis CAP Council 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 on December 16, 2010, 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 the UAW St. Louis CAP Council's 2009 records revealed the following recordkeeping violations:

1. Lack of Adequate Backup Documentation for Disbursements

The CAP Council did not retain adequate documentation for the majority of disbursements. For example, adequate backup documentation was not retained for any payments to

affiliated UAW locals to reimburse expenses and monthly salaries for CAP Council officers, totaling more than \$9,400. Also, the CAP Council did not retain backup documentation for the UAW/USWA rally held on May 11, 2009, totaling more than \$2,000.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and financial secretary (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lack of Adequate Backup Documentation for Receipts

The CAP Council did not retain adequate documentation for any receipt, except checking account interest. Documentation was not retained for per capita tax received from the Missouri State CAP Council and reimbursements from the Alliance for American Manufacturing for the May 11, 2009 UAW/USWA rally.

As noted above, labor organizations must retain original records that verify and clarify the information reported on the annual LM report. The president and financial secretary (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 membership authorizes every disbursement; however, in situations where time is of the essence, the executive board is authorized to make disbursements. The council retained all membership and executive board meeting minutes for audit year 2009; however, all handwritten meeting minutes were illegible and typed meeting minutes did not include complete information regarding disbursement approval. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings, including, but limited to, a statement about the approval process, the amount of the disbursement, and the entity to which the disbursement will be made.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file the St. Louis Area CAP Council's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that the St. Louis CAP Council 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 the UAW St. Louis Area CAP Council for fiscal year ending December 31, 2009, was deficient in the following areas:

1. Disbursements to Officers

The council's officers are members of affiliated UAW locals. The council has an agreement with its affiliated locals regarding expense reimbursement, salary, and lost time payments to the council's officers. The locals pay all of the council's officer expenses, salaries, and lost time and submit a bill to the council for reimbursement. The council incorrectly reported the entire reimbursement amount for each of the officers in Item 24 of its 2009 LM-3 report. Only the portion of reimbursed expenses, salaries, and lost time, which is attributable to the council, should be reported in Item 24. Reimbursements attributable to the local should be reported in Item 54 Other Disbursements and explained in Item 56 Additional Information.

2. 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. The council amended its constitution and bylaws, but did not file a copy with its LM report for that year.

The Council has now filed a copy of its constitution and bylaws.

I am not requiring that the council file an amended LM report for 2009 to correct the deficient items, but the council has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to UAW St. Louis CAP Council 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. Chuck Brodell, President