

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Denver District Office
1999 Broadway, Suite 2435
Denver, CO 80202-5712
(720) 264-3232 Fax:(720) 264-3230



September 10, 2008

Mr. Michael Poncela, Financial Secretary-Treasurer
Auto Workers, AFL-CIO, Local Union 186
1902 Ance Street
Strasburg, CO 80136

Re.: LM File Number: 010-202
Case Number: [REDACTED]

Dear Mr. Poncela:

This office has recently completed an audit of Auto Workers, AFL-CIO, Local Union 186 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, President Carlton Jones, Vice President Cornelius Vandergroef on August 18, 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 186's 2007 records revealed the following recordkeeping violations:

1. Failure to Maintain Records

The local did not have bank records showing the terms and ending balance of the savings account held at U.S. Bank, and the identity of the account's signatories was unknown. The local did not have bank records showing the terms of one of the two certificates of deposit held at Wachovia Corporation, formerly World Savings Bank. The one bank record available for both certificates of deposit held at Wachovia Corporation listed a former officer's name in the name for the accounts, another former officer's address was listed as the mailing address, and the identity of the accounts' signatories were unknown.

2. Information Not Recorded in Meeting Minutes

The local did not have meeting minutes for July and December 2007, and minutes prior to those months made no mention that the meetings would not be held. The local did not follow its governing documents by not maintaining minutes or making mention that the meetings would not be held. The By-laws Amalgamated Local 186, UAW, state in item 7. that the Amalgamated Local Union shall be governed as prescribed in the International Constitution, Articles 38, 39, 40, 41, 42, and 43. With respect to the recording of minutes for meetings held and not held, the local did not follow the Local By-Laws item 7. and International Constitution, Article 37, Section 4. (c), Article 40, Section 3., and Article 42, 2.

Based on your assurance that Local 186 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

1. Form LM-3

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 had not been filed by Local 186 for fiscal year ending December 31, 2007. The report was filed on September 2, 2008.

2. Constitution and 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 186 amended its bylaws in 2006, but did not file a copy with its LM report for that year. Local 186 has now filed a copy of its bylaws.

Other Issue

Signing Blank Checks

During the audit, former Auto Workers AFL-CIO Local Union 186 Financial Secretary-Treasurer Kenneth Meyers advised that he had President Carlton sign blank checks on occasion. Your union's constitution requires that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that LU 186 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Auto Workers, AFL-CIO, Local Union 186 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

c: Mr. Carlton Jones, President
Mr. Cornelius Vandergroef, Vice President