

## U.S. Department of Labor

Employment Standards Administration  
Office of Labor-Management Standards  
Minneapolis Resident Investigator Office  
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Minneapolis, MN 55402-3386  
Telephone: 612-370-3111 Fax: 612-370-3107



March 28, 2005

Mr. Thomas Grutza, President  
UAW Local 722

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Re: 2

Dear Mr. Grutza:

This office has recently completed an audit of United Auto Workers, Local 722 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 Pat Gholston on March 23, 2005, 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 CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 722 for fiscal year ending December 31, 2003 was deficient in the following areas:

1. Item 24 (All Officers and Disbursements to Officers) was not properly completed in that Local 722 failed to report the title of some officers in Item 24(B)(Title). The instructions for Item 24 require that the last name, first name, and title of every person who held office in your organization at any time during the reporting period be reported. Include all of your organization's officers, whether or not any salary or other disbursements were made to them or on their behalf by your organization.
2. Local 722 failed to report some disbursements to officers in the amounts reported in Item 24(E) (Allowances and Other Disbursements). All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in Item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) 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

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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 Expenses).

3. The amount reported in Item 20 (\$25,000) is incorrect. Records show that during 2003 Local 722 was bonded for losses of up to \$500,000.

I am not requiring that Local 722 file an amended LM-3 report for 2003 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

The audit revealed that Local 722 normally records the names of all sources of receipts in the receipt books, but the sources are not listed on bank deposit tickets. During the exit interview, I suggested that recording the sources of monies received on the bank deposit tickets in addition to the receipt books is an effective internal control in that receipts recorded in the receipts journal can be traced directly to a bank deposit to ensure that all monies were properly deposited.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to Ms. Gholston are passed on to yours and Ms. Gholston's successors at whatever time you may leave office.

I want to extend my personal appreciation to Ms. Gholston for her cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact our office.

Sincerely,

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Investigator

cc: Pat Gholston, Financial Secretary

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