



U.S. Department of Labor
Washington District Office

Employment Standards Administration
Office of Labor-Management Standards
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March 16, 2005

Judith R. Bryson, President
United Automobile, Aerospace, and Agricultural
Implement Workers of America (UAW)
Local 2123
11047 Pierson Drive, Suite E
Fredericksburg, VA 22408

Re: 2

Dear Judith Bryson:

This office has recently completed an audit of UAW Local 2123 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 Secretary-Treasurer Roy L. Miller and yourself on March 15, 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.

A. Reporting Violations

The CAP disclosed a violation of LMRDA Section 201(b) regarding the Local's previously filed Labor Organization Annual Reports (Form LM-3s). For the fiscal years ending 2001, 2002, and 2003, the Local failed to accurately report the following:

1. Item 23 "Dues and Fees" requires a labor organization to report the dues and fees established by your organization. If more than one rate applies, enter the minimum and maximum rates. Enter "none" where appropriate.

The Local failed to report the minimum and maximum rates that members pay in dues. The Local erroneously reported "2 hours" in Item 23 as dues.

2. Item 38 "Dues" requires a labor organization to enter the total dues received, including dues received directly by your organization from members, dues received from employers through check-off arrangement, and dues transmitted to your organization by a parent body or other affiliate.

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The Local failed to report in Item 38 the dues transmitted from the UAW International Union on behalf of retired members. These receipts were erroneously reported in Item 43 as "Other Receipts".

3. Item 41 "Interest & Dividends" requires a labor organization to report the total amount of interest and dividends received by your organization from all sources.

The Local failed to report the interest earned from its bank account in Item 41 "Interest and Dividends". These receipts were erroneously reported in Item 43 as "Other Receipts".

4. Item 24 "All officers and Disbursements to Officers" requires a labor organization to list all officers and to report all direct and indirect disbursements paid to the officers during the reporting period. Column (E) of Item 24 requires a labor organization to report the total of all direct and indirect disbursements to each officer other than salary, including allowances, disbursements which were necessary for conducting official business of your organization, and disbursements essentially for the personal benefit of the officer and not necessary for the conducting official business of your organization.

The Local failed to report total direct and indirect disbursements paid to officers in Column E, Item 24. The disbursements regarding travel and meals to officers were erroneously reported in Item 54 as "Other Disbursements".

5. The Local is required to report on Line 10 of Item 24 the total amount of withheld taxes, payroll deductions, and other deductions. Any portion of withheld taxes or any payroll or other deductions which have not been transmitted at the end of the reporting period are liabilities of your organization and must be reported in Item 35. Payroll or other deductions retained by your labor organization (such as repayments of loans made) must be fully explained in Item 56.

The Local erroneously reported in Line 10 the total allowances and other disbursements paid to all officers, which the Local reported in Item 24, Line 9, Column (E).

6. Item 46 "To Employees" requires a labor organization to report all salaries, allowances, travel advances which are not considered loans as explained in the instructions for Item 18, and other direct and indirect disbursements (less deductions for FICA, withheld taxes, etc.) to employees of your organization during the reporting period. Include disbursements to individuals other than officers who receive lost time payments even if your organization does not consider them to be employees or does not make any other direct or indirect disbursements to them.

The Local failed to report total disbursements, including payroll salaries and allowances to employees and non-officers, less taxes withheld, in Item 46. The Local erroneously reported all of these disbursements, without distinction, in Item 54 as "Other Disbursements".

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7. Item 48 "Office and Administrative Expense" requires a labor organization to report the total disbursements for its ordinary office and administrative expenses, for example, rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc.

The Local failed to report total office and administrative expenses as described above in Item 48. The Local erroneously reported these expenses in Item 54 as "Other Disbursements".

The Local agreed to file an amended LM-3 report for fiscal year ending 2003 and to incorporate the above noted corrections into its 2004 LM-3 report. The Local also agreed to file both the amended 2003 and the 2004 LM-3 report by April 15, 2005. The amended 2003 and the 2004 LM-3 reports are to be submitted directly to the Washington District Office, located at 800 North Capitol Street, Suite 120, Washington, D.C. 20002.

The Local's amended 2003 and the 2004 LM-3 reports will be audited to assure compliance and, if the report fails to include the above noted revisions.

B. Record Keeping Violations

The CAP disclosed a violation of LMRDA section 206 that requires unions to maintain records to explain and verify the accuracy and completeness of the LM-3 report.

1. The Local failed to maintain disbursement receipts regarding reimbursements that the Local paid to union officials for ground transportation and union-related travel.
2. The Local failed to maintain receipts from Local officials regarding lodging and other allowances that the Local reimbursed. Specifically, the Local failed to maintain records to explain how Local officials Joe Smith and Melvin Carter both attended the same union-related event in February 2004, a VA AFL-CIO Legislative Conference, and the Local reimbursed Smith \$1,026.47, which is approximately three times the amount that the Local reimbursed Carter, which was \$342.79.
3. The Local failed to provide adequate information on time lost vouchers submitted by union officials that detailed the dates involved, the hours paid, and the union-related purpose to explain why the union official was paid for lost time. The Local also failed to maintain records that supported the employer's acknowledgement and excused absence of the union official.
4. The Local failed to accurately record disbursement information from checks into the Local's disbursement journal. Specifically, the dates noted on checks numbered 7296, 7312, 7313, and 7461 were incorrectly noted in the Local's Summary of Expenditures. In addition, the Local incorrectly noted the date and payee information of check 7294. This check is dated January 26, 2004 and was paid to VA State AFL-CIO. The Local's Summary of

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Expenditures indicated that this check was dated January 30, 2004 and was paid to Melvin Carter Sr.

~~The Local agrees maintain accurate records and accurately record disbursements into its financial journals. Based upon the Local's agreement regarding its recordkeeping practices, no further action is required regarding recordkeeping.~~

C. Other Issues

1. The UAW Local 2124 Bylaws, Article 4, Section B notes: "The regular monthly membership meetings may be in recess during the months of July and August. The membership shall vote each June (in the regular meeting) as to whether to recess or not. It should be noted if the fact the meetings are to be in recess during July and August. The Executive Board shall meet each month as usual."

During the audit period, the Local recessed for the months of January, June, July, August, and December. It is recommended that the Local either amend its Bylaws to reduce the required number of membership meetings the local must hold per year or hold the membership meetings as required by the UAW Constitution.

2. The Local Bylaws, Article 12: Finances, Section D, notes that the Local shall pay lost time only when the member is performing necessary union business and only when his job is scheduled, excluding overtime.

The Local failed to establish safeguards and maintain adequate records regarding lost time payments to union officials who receive from the employer paid leave from work to conduct union business. The records failed to clearly detail the specific dates that officers were paid time lost by the union and how those days were coordinated with the days that employer paid for union business leave.

The audit discovered that Local President Judith Bryson received 16 hours lost time pay from the union for August 12 and 13, 2004. For the same two days, she received sixteen hours paid leave from the employer to conduct union business. Bryson has admitted to the overpayment by personal check, 6090, dated March 10, 2005, paid back the union.

The Local is required to report the loss of funds in Item 15 of the Local's 2004 LM-3 report and describe the incident in Item 56 "Additional Information". The union must report restitution in Item 43 "Other Receipts" of the Local's 2005 LM-3 report.

Because the Local officer has made restitution to the union and the Local has promised to implement clear procedures and maintain proper records to prevent officers who receive employer paid leave to conduct union business from also receiving lost time from the union, no further action is required regarding this issue.

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3. The LMRDA, 29 U.S.C. 501 (a) requires officers of labor organizations who occupy positions of trust within the organization to safeguard the union's assets.

The Local failed to update the bank account signatory card. The Local kept 7(c) _____, the former Local Vice President, as a signatory and he no longer serves as an Executive Board member.

It is recommended that the Local update its bank signatory card for the operating checking account and limit the names of the authorized signatories to those who are current Executive Board members.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

7(c)

Investigator

cc: Local Secretary-Treasurer Roy L. Miller