

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 29, 2005

David Peralta
United Auto Workers
Local Union 766
3774 S Kalamath St
Englewood, CO 80129

Re: 2

Dear Mr. David Peralta:

This office has recently completed an audit of UAW local 766 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 David Peralta and Dan Taylor on October 6, 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.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-2) filed by Local 766 for fiscal year ending December 31, 2004 was deficient in the following areas. The union failed to report \$831.62 of funds received that were donated to the union by the members. These funds were donated for the unofficial "member in distress fund". Under section 201(b) of the LMRDA unions must disclose receipts of any kind and the source thereof. The "members in distress fund" is handled by union officers and controlled by the union therefore it is reportable. This matter must be resolved, however, because the amount was insignificant to the total amount of receipts received, the union is not required to file an amended report for the fiscal year ending December 31, 2004. However, in the future UAW local 766 will have to report this fund on their annual LM-2 report. This matter was resolved during the exit interview.

The CAP also disclosed a violation of LMRDA section 206, because the Labor Organization failed to maintain sufficient documentation to support some purchases and expenditures. The union issued a \$100 payment to [redacted] to prepare for a retiree picnic. The union maintained a hand written explanation of the disbursement. However, this was inadequate because the explanation did not show the end result of the money disbursed. This was the only instance where this happened. Also, the union did not have receipts for some disbursements for withholding tax. In March of 2004, a hand written note showed that a disbursement for approximately \$1,500 was paid for the union's federal tax withholding. After careful review of local 766 records, it was discovered that [redacted] was used to pay [redacted] for the union's federal withholding tax. Though the violations were few in number there are still areas where the union can improve its maintenance of records.

During the audit, you advised that David Peralta has, in the past, signed blank checks in advance. While these checks were used to purchase food items for local meetings, it is still a violation of your union by-laws. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. You may want to revise your check disbursement method.

I am not requiring that Local 766 file an amended LM- report for 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency. I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

FCC

Investigator