

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
170 S. Independence Mall West
Room 760
Philadelphia, PA 19106
(215)861-4818 Fax: (215)861-4819



January 29, 2008

Mr. James Hunter, Treasurer
Auto Workers AFL-CIO
Local 1542
792 Sunnyside Road
Smyrna, DE 19977-3605

LM File Number 530-895
Case Number: [REDACTED]

Dear Mr. Hunter:

This office has recently completed an audit of United Auto Workers Local 1542 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 January 11, 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 Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 the retention of 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 1542's 2006 records revealed the following recordkeeping violation:

Officer and Employee Expenses

Local 1542 did not retain adequate documentation for reimbursed expenses incurred by former Vice-President [REDACTED] and members [REDACTED] and [REDACTED] totaling at least \$1,369.80. For example [REDACTED] and [REDACTED] each received \$270 for six days per diem. [REDACTED] received a \$829.80 check for a hotel room and five days per diem. Reimbursement vouchers were submitted and approved however original bills and/or invoices were not maintained for these expenses.

Based on your assurance that Local 1542 will retain adequate documentation in the future, OLMS will take not further enforcement action at this time regarding the above violation.

Reporting Violations

The CAP disclosed the union and its responsible officers failed to file required financial reports with the Secretary of Labor for fiscal year ending December 31, 2006, in violation of LMRDA Section 201(b). This violation was resolved during the conduct of the audit. The delinquent Form LM-3 was filed on November 27, 2007.

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial conditions and operations. The Labor Organization Annual Report Form LM-3 filed by Local 1542 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Bonding

The union must report in Item 20 of the Form LM-3 the maximum amount recoverable under its fidelity bond for a loss caused by any officer or employee who handles union funds or other property. The audit disclosed that Local 1542 is bonded for a minimum of \$10,000 and a maximum of \$500,000. It appears the union erroneously omitted reporting it was bonded in the aforementioned amount.

2. All Officers

Local 1542 failed to list all its officers and their titles in sections A and B of Item 24 (All Officers and Disbursements to Officers).

3. Disbursements to Officers

Local 1542 did not report allowances and other disbursements to officers totaling \$7,252.60 in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in the Item #26 (Other Disbursements). The union must report in Column (E) in Item 24 direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business.

I am not requiring that Local 1542 file an amended LM report for 2006 to correct the deficient items, as Local 1542 agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to United Auto Workers Local 1542 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: Keith Hughes, President