

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
St. Louis District Office  
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November 13, 2008

Mr. Dennis Mueller, Financial Secretary  
Auto Workers AFL-CIO  
Local 1887  
3732 N. Broadway  
St. Louis, MO 63147

LM File Number **006-781**  
Case Number: XXXXXXXXXX

Dear Mr. Mueller:

This office has recently completed an audit of Auto Workers Local 1887 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 and Susanne Reid on October 10, 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 1887's 2007 records revealed the following recordkeeping violations:

1. General Expenses

Local 1887 did not retain adequate documentation for credit expenses incurred by union officers and employees using the Sam's Club business account totaling at least \$305.76. For example, the Sam's Club monthly statements paid in February, March, April, June, and December of 2007 identifying what individual items were purchased were not maintained by your local.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Disposition of Property

Local 1887 did not maintain an inventory of fixed assets. The union must report the value of any union property on hand at the beginning and end of each year in Item 27 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 27.

The union must keep a record of fixed assets and report all activities involving the addition and/or disposition of any of the fixed assets owned by the union on the LM report.

Based on your assurance that Local 1887 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

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-2 filed by Local 1887 for fiscal year ending December 31, 2007, was deficient in that:

#### Reporting Union's Fixed Assets

The union must report the fixed assets, such as land, buildings, automobiles and other vehicles, and office equipment furniture and equipment owned by the union. The value of land and buildings must be itemized, whereas, automobiles and other vehicles, and office furniture and equipment should be aggregate and disclosed on Schedule 6 of the union's LM-2 report. This also includes fixed assets that were expensed during the fiscal year, fully depreciated, or carried on the union's accounts at scrap value or nominal value also need to be reported. In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Local 1887 file an amended LM report for 2007 to correct the deficient items, but Local 1887 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Auto Workers Local 1887 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

Mr. Dennis Mueller  
November 13, 2008  
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cc: Larry Galvin, President