

**U.S. Department of Labor**

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January 16, 2009

Mr. Carlton Gieseke, President  
Auto Workers Local 2376  
2720 Muth Court  
Sheboygan, WI 53083

LM File Number: 540-985  
Case Number: [REDACTED]

Dear Mr. Gieseke:

This office has recently completed an audit of Autoworkers Local 2376 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 Financial Secretary Gelaine Buhk on December 23, 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 2376's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 2376 did not retain adequate documentation for reimbursed expenses incurred by officers totaling about \$750. For example, Ms. Buhk received a reimbursement of \$372.43 on February 7, 2007, for internet services; however, documentation has not been maintained to support this expense.

As 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. Reimbursed Auto Expenses

Union Officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$682 during 2007. For example, Shop Chair [REDACTED] received reimbursement for mileage on October 26, 2007, in the amount of \$240.08. The expense voucher maintained states that the union purpose is "Mileage for Michigan," however, the dates of travel, locations traveled to and from, and the number of miles driven were not recorded on the voucher or any other record. In the case of reimbursed mileage expenses, records which identify the dates of travel, purpose, locations traveled to and from, and number of miles driven must be maintained.

3. Lost Wages

Local 2376 did not retain adequate documentation for lost wage reimbursement payments to officers totaling at least \$6,722.56. For example, Financial Secretary Gelaine Buhk was paid \$646.40 on January 10, 2007, for 5 different dates of incurred lost time. In the case of Local 2376, lost time was documented only by recording the dates the lost time was incurred on the lost time voucher. However,

the hours lost on each date, the purpose of the lost time, and the hourly rate have not been recorded in union records. Records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted must be maintained.

Based on your assurance that Local 2376 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 LM-3 filed by Local 2376 for fiscal year ending December 31, 2007, was deficient in the following area:

##### 1. Disbursements to Officers

Local 2376 did not include some salary payments to officers totaling at least \$1,469 in the amounts reported in Item 24 (All Officers and Disbursements to Officers), Column D (Gross Salary). It appears the union erroneously reported these payments in Item 24, Column E (Allowances and Other Disbursements). For example, Recording Secretary Gail Krueger received \$2,428 in gross salary and \$149 in reimbursed expenses during 2007. However, \$2,158 has been reported in Column D (Gross Salary) and \$420 has been reported in Column E (Allowances and Other Disbursements).

Direct disbursements to Local 2376 officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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 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 Expense).

## 2. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because Local 2376 gave away door prizes at its picnics and parties during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." 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 2376 file an amended LM report for 2007 to correct the deficient item, but Local 2376 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issue

As you know, our review of your union's records revealed some possible discrepancies concerning payments to Financial Secretary Buhk for lost wages during periods when she was on employer-paid leave and did not actually lose any wages. During the audit, you advised that officers and employees are not entitled to lost wages unless wages are actually lost and that lost wages cannot be claimed for union work done during periods of employer paid leave. However, this policy does not appear in union meeting minutes or the bylaws. Ms. Buhk advised that the payments to her were issued in error.

I strongly suggest that Local 2376 take steps to record its lost wage reimbursement policies in union records by discussing them at a future meeting and recording the policies in meeting minutes, or by amending the bylaws, or by recording the information in some other document. The lost time policies should include the circumstances under which lost time may be claimed and how such payments are calculated. The policies should also identify who is eligible to receive lost wages, whether or not claims may be made for lost overtime or for time worked on union business during periods of employer-paid leave (when no wages are actually lost). I would appreciate it if you would forward a copy of the record documenting the policy to me at the above address.

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Verification of lost time claims submitted by union personnel by either allowing trustees to compare lost time claims to employer records or by requiring union personnel to submit proof of lost wages claimed (for example, time cards) can be an effective internal control for such payments.

I want to extend my personal appreciation to Autoworkers Local 2376 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,

[REDACTED]  
Investigator

cc: Gelaine Buhk, Financial Secretary