

U.S. Department of Labor

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Office of Labor-Management Standards
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July 28, 2009

E. Daniel Harter, President
Auto Workers, AFL-CIO
Local Union 481
4320 Federal Drive
Batavia, NY 14020

LM File Number: 050-234

Case Number: [REDACTED]

Dear Mr. Harter:

This office has recently completed an audit of the UAW Local 481 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 Robert Gaebler on July 23, 2009 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 481's 2008 records revealed the following recordkeeping violations:

General Expenses

Local 481 did not create or maintain adequate documentation for expenses incurred by Financial Secretary Robert Gaebler for the purchase of 70 Tops Supermarket gift cards totaling \$1,662.50. The supporting documentation for the purchase of the cards was available however documentation of the distribution of the cards to members was not created or maintained.

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.

Based on your assurance that Local 481 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-3 filed by Local 481 for fiscal year ending December 31, 2008, was deficient in that:

1. Disbursements to Officers

Local 481 did not accurately report some reimbursements to officers for meals and mileage totaling \$344 in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 24, Column D (Gross Salary) instead of Schedule 24, Column E (Allowances and Other Disbursements).

The union must report most direct disbursements to Local 481 officers and some indirect disbursements made on behalf of its officers 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. Next Election Date

As we discussed during the exit interview Item 22 (next regular election) on Local 481's LM-3 is four years after your last election. The Labor Management and Reporting Act (LMRDA) require local unions to elect their officers not less than once every three years. On your next filing of the LM report be sure to report 2011 as your next scheduled election of officers

I am not requiring that Local 481 file an amended LM report for 2008 to correct the deficient items, but Local 481 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local 481 for their 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 be of any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Robert L. Gaebler, Financial Secretary
Tibor B. Kooy, Vice President