



July 10, 2012

Ms. Venus Jeter, President
Auto Workers, Local 7777
1924 Rosa Parks Blvd
Detroit, MI 48216-1554

Case Number: [REDACTED]
LM Number: 542141

Dear Ms. Jeter:

This office has recently completed an audit of Auto Workers, Local 7777, 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 April 24, 2012, 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.

Record Keeping 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 7777's 2010 records revealed the following recordkeeping violation:

Four checks prepared and recorded in the disbursements ledger during 2010 (checks [REDACTED], [REDACTED], [REDACTED]) did not have appropriate documentation. Upon further review it was determined that the checks were voided and eventually reissued, however the vouchers and documentation maintained for these transactions did not make it initially evident as to what had occurred. When a check is voided the voided check should be retained, if possible, and include the normal voucher and copies of any documentation that would have supported the check.

Notations should be made referencing the re-issued checks, if any.

Based on your assurance that Local 7777 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

The audit also disclosed a violation of LMRDA Section 201(b), which requires the president and treasurer, or corresponding principal officers, of each labor organization to file an annual financial report accurately disclosing the union's financial condition and operations. The report must be filed within 90 days after the end of the labor organization's fiscal year.

The audit of Local 7777's 2010 records revealed the following recordkeeping violation:

In 2008 Local 7777 paid a security deposit to Paragon Investments LLC in the amount of \$8,179 on lease of property used by Local 7777. The security deposit was reported on the Local 7777 2010 LM-2 report as "Cash" in Statement A (22(a) and 22(b)) even though the security deposit was not held in a Local 7777 bank account. A security deposit such as this should more appropriately be reported in Statement A (28(a) and 28(b)) and in Schedule 7 on the LM-2 report.

During the audit you were able to provide documentation showing that the security deposit had been returned during 2011 after Local 7777 had moved its offices to the present location. In addition, the 2011 LM-2 report filed by Local 7777 corrected the beginning balance (ending balance of the 2010 LM-2). Based on your assurance that Local 7777 will accurately report such receipts, disbursements, and assets in the future, OLMS will take no further enforcement action at this time regarding the above violation.

I want to extend my personal appreciation to Auto Workers, Local 7777 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]

[REDACTED]

Senior Investigator