

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
St. Louis District Office  
1222 Spruce Street  
Room 9 109E  
St. Louis, MO 63103  
(314)539-2667 Fax: (314)539-2626



May 5, 2009

Mr. Edward Lubrant, Financial Secretary  
United Mine Workers Local 1613  
P.O. Box 7  
617 Calcari  
Gillespie, IL 62033

LM File Number 509-139

Case Number: [REDACTED]

Dear Mr. Lubrant:

This office has recently completed an audit of 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 17, 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 1613's 2008 records revealed the following recordkeeping violations:

1. Lack of Adequate Documentation for Disbursements

Local 1613 did not retain adequate documentation for disbursements made from the local's accounts totaling at least \$650. For example, no documentation was retained for check [REDACTED] written on February 29, 2008 for \$147.23 to Shop N Save and check [REDACTED] written on March 1, 2008 for \$300 to Bert's DJ Service.

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. Lost Wages

Local 1613 did not retain adequate documentation for lost-wage reimbursement payments to union officers and employees totaling at least \$340. The union must maintain 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. The OLMS audit found that Local 1613 retained expense/lost-time vouchers for all lost-time claims except one. You attended an AFL-CIO seminar on April 7, 2008. You submitted an expense voucher for the trip, but neglected to include 6 hours of lost time for which you were paid. In another instance, President Stewart was paid 11 hours of lost time in March 2008. An expense/lost-time voucher was submitted; however, a description of union business was not included on the voucher.

3. Information Not Recorded in Meeting Minutes

Article XII, Section 3 of the United Mine Workers Constitution requires that the purchase of investments and expenditure of union funds be authorized by the membership. In March 2008, a certificate of deposit was purchased for \$30,000; however, the minutes of the meeting do not contain any reference to the purchase. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

4. Lack of Salary Authorization

Local 1613 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 1613 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 1613 for fiscal year ending December 31, 2008 was deficient in the following areas:

1. Certificates of Deposit Reported As Investments

Local 1613 improperly included the value of a certificate of deposit as an investment in Item 28 of the LM-3 report. For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

2. Failure to Report Receipts and Disbursements

Local 1613 received a check for \$8,850 from ExxonMobile to distribute to members who worked at Monterey Coal Company for less than five years when the mine closed in December 2007. The funds were distributed to 31 members by check. The receipt of the check and the disbursements to members were not included on the LM-3 report. Financial information for all funds of your organization must be reported on the LM-3 report. Special purpose accounts must be included even if they are not part of your organization's general treasury.

Local 1613 submitted an amended Form LM-3 for fiscal year ending December 31, 2008 to correct the deficient items discussed above.

I want to extend my personal appreciation to you 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: Donald Stewart, President  
1100 Third Street  
Gillespie, IL 62033

[REDACTED]

[REDACTED]