



May 30, 2024

Mr. Mike Shearer, President
United Mine Workers of America (UMWA)
Local 1501
Post Office Box 255
Mannington, WV 26582

Case Number: 140-6028064()
LM Number: 064704

Dear Mr. Shearer:

This office has recently completed an audit of United Mine Workers of America Local 1501 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, Financial Secretary Todd Toothman, and Treasurer Ann Martin on May 22, 2024, 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 1501's 2023 records revealed the following recordkeeping violations:

1. Lost Wages

Local 1501 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$5,896.64. 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 1501 was retaining lost wage vouchers, but the vouchers did not consistently identify the rate of pay received by the union officers or employees or the nature of the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1501 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

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. Lack of Salary Authorization

Local 1501 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was 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 1501 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 1501 for the fiscal year ended December 31, 2023, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (LM-3) should have been answered "Yes," because the union gave away t-shirts and pocket calendars totaling more than \$3,663.81 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.

2. Disbursements to Officers (LM-3)

Local 1501 did not include lost time payments to officers totaling at least \$5,896.64 in the amounts reported Item 24, Column D, (Gross Wages); it appears the payments were

reported in Item 24, Column E, (All Officers and Disbursements to Officers). The union must report in Column D, (Gross Wages), the gross salary of each officer (before tax withholdings and other payroll deductions). The union should include lost time or time devoted to union work in this column.

The union must report most direct disbursements to Local 1501 officers and some indirect disbursements made on behalf of its officers in Item 24, Column E, (All Officers and Disbursements to Officers). 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).

3. Item 30 (Other Assets)

During the audit year, Local 1501 purchased 165 t-shirts at the cost of \$2,078.88 and 400 pocket planners at the cost of \$1,584.93. Many of the items were distributed to the union members during the audit year; however, an inventory remains and as a result, the remaining items were not properly reported as an asset. The union must report the property of any union asset on hand at the beginning and end of each in Item 30 (Other Assets) of the LM-3 Report.

I am not requiring that Local 1501 file an amended LM report for 2023 to correct the deficient items, but Local 1501 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to United Mine Workers of America Local 1501 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

cc: Ms. Ann Martin, Treasurer
Mr. Todd Toothman, Financial Secretary