

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Pittsburgh District Office  
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November 19, 2004

Gregory Gladys, President  
Steelworkers, AFL-CIO, Local 53 ABG  
801 McKean Avenue  
Charleroi, PA 15022-2140

Re:

Dear Mr. Gladys:

This office has recently completed an audit of the United Steelworkers of America, AFL-CIO, Local 53 ABG 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, as Amended (LMRDA). As discussed during the exit interview with you and Financial Secretary Marianne Rodacy on November 17, 2004, 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.

The CAP disclosed a violation of Title II, Section 201(b), of the LMRDA. The annual financial report required under Section 201(b) for fiscal year ending December 31, 2003 did not properly report certain items and financial transactions. The LM-2 form was deficient and must be amended as noted below:

- Item 19 Date of you organization's next regular election of officer was reported as March 2004; however you told me an officer election was conducted in April 2003 so that the next election should have been reported as April 2006.
- Item 21 Rate of Dues and Fees was reported in (a) 1.25%; however you have stated that the correct percentage is 1.3 %. Enter "none" in (b), (c), and (d), as appropriate.
- Item 77 The report and signatures must be completed using blue or black ink. The OLMS copy of the LM-2 report had only one signature. At the CAP, you showed me the union's original report with two signatures; however one signature was in green ink. On the amended report and on future LM reports, use only blue or black ink.

- Schedule 14 Other Receipts

Your union's LM-2 reported in item 54 and schedule 14 "reimbursements" of \$26,479.00, as other receipts. The word "reimbursements" does not sufficiently describe the types of receipts included in the \$26,479.00.

In schedule 14, column (A) must identify the source of the receipt reported in column (B). During the CAP, OLMS determined that the \$26,479.00 came from three sources: funds from the USWA International totaling \$21,369.55 for lost time wages for Anthony Lazzari, a check for \$5,043.00 from World Kitchen for wages during contract negotiations, and \$66.00 from Idlewild ticket sells.

On the Amended LM-2, list in schedule 14 (A) each category of receipt identifying the three sources of the \$26,479.00. If you need more space, use item 75, additional information.

- Schedule 9 – All Officers and Disbursements to Officers

The column entitled Disbursement for Official Business (F), must report all reimbursed expenses to each officer. All checks payable to an officer are reportable to that officer in column (F). An exception to this requirement is if the reimbursed expenditure is for the purchase of a fixed asset, in which case, the transaction is reportable in item 68 - Purchase of Investments & Fixed Assets.

In the CAP audit year, the reimbursed expense amounts to officers were minimal and therefore this section of the LM-2 does not require amendment. I have noted the reporting requirement in this letter for your future reference.

You agreed to make the required changes and to file an Amended LM-2 report for fiscal year ending December 31, 2003 to the Pittsburgh District Office by December 10, 2004. Be sure to check Item 3 (a) AMENDED.

As discussed at the exit interview, labor organizations not in trusteeship and with less than \$200,000 in total annual receipts may file a LM-3 form instead of the LM-2 form. I advise you to contact your parent body for guidance on which form your local should file to the DOL.

The CAP disclosed a violation of Title II, Section 206 of the LMRDA. Section 206 requires that records shall be maintained to provide in sufficient detail the necessary information from which the LM reports may be verified, explained, and checked for accuracy and completeness. As a general rule, all records used or received in the course of union business must be retained. The union failed to retain receipts/invoices for expenses involving the use of the union's PNC debit check card. You explained the union no longer has the debit card as USWA does not permit the use of union credit cards. Additionally the union did not sufficiently document non-dues income. We discussed the union's system for documenting receipts. All receipts must be documented including income from reinstatement fees, Idlewild ticket sells, product refunds, and officer reimbursements. Currently the union does

not write receipts for non-dues income. In the future, you agreed to obtain and maintain proper supporting documentation for all receipts.

At the exit interview, we discussed record keeping and union practices and I made several suggestions. First I suggested that the union update the local union bylaws using the model bylaws provided by the USWA. Secondly since several fixed assets were purchased in 2004, I suggested the union create an inventory list. The inventory list might include the item purchased, date of purchase, price, model and serial number, where the item will be located (if other than the union office), as well as any other information deemed pertinent by the union. When assets are removed from the inventory list due to sell, donation or disposal, the union must document and retain all transaction information, minimally including (if applicable) the name of the recipient, sell price, and date. Lastly we discussed the use of a receipts journal. I suggested that the union maintain a receipts journal similar to the current spread sheet for disbursement, listing each category of receipt.

I want to extend my personal appreciation for your and Marianne Rodacy's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call me.

Sincerely,

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Investigator

cc: Marianne Rodacy, Financial Secretary