

**U.S. Department of Labor**

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May 22, 2009

Mr. Walter Pilof, Treasurer  
Teachers AFL-CIO  
Local Union 3412  
P.O. Box 1104  
Coraopolis, PA 15108

LM File Number: 509-098

Case Number: [REDACTED]

Dear Mr. Pilof:

This office has recently completed an audit of Local Union 3412 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 May 21, 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 Union 3412's 2008 records revealed the following recordkeeping violations:

#### Meal Expenses

Local Union 3412 did not require officers to submit itemized receipts for meal expenses totaling at least \$430.13. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Based on your assurance that Local Union 3412 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 Union 3412 for fiscal year ending December 31, 2008, was deficient in the following areas:

##### 1. Disbursements to Officers

Local Union 3412 did not include some reimbursements to officers totaling at least \$817.88 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54, Other Disbursements.

The union must report most direct disbursements to Local Union 3412 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. Bonding

The LM-3 Report indicates in Item 20 that Local Union 3412 is bonded for \$0.00 when in fact the union is bonded for \$50,000. Local Union 3412 has agreed to properly record the correct bonding amount for future LM Reports.

I am not requiring that Local 3412 file an amended LM report for 2008 to correct the deficient items, but Local Union 3412 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 Union 3412 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: Seth Finn, President