

**U.S. Department of Labor**

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July 26, 2007

Mr. John Sobon,  
Financial Secretary  
Steelworkers, AFL-CIO  
Local 04-1277 S  
104 Magnolia Street  
Syracuse, NY 13204

LM File Number 038-478

Case Number: [REDACTED]

Dear Mr. Sobon:

This office has recently completed an audit of Steelworkers Local Union 1277 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 and Brian Hoige on July 20, 2007, 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 Steelworkers Local 1277's records revealed the following recordkeeping violations:

1. Clambake Records

Local 1277 failed to maintain two receipts for gift cards purchased as door prizes for the annual Clambake. The union failed to retain a receipt to Carousel Center for \$494.00. A voucher was completed stating the purchase was for nineteen, \$25.00 gift cards and an additional handling fee of \$19.00. In addition, the union did not maintain a receipt to Daniela's Restaurant in which five \$50.00 gift cards were purchased.

The union failed to maintain a record of all door prize winners for the clambake. Not only are all receipts for the purchase of door prizes required, but all records need to be maintained to adequately show who the recipient of that particular door prize was.

In addition, Local 1277 did not maintain records of the total number of tickets sold for the clambake. Although all remaining unsold tickets were retained, a record is required to show the number of tickets sold and at what price they were sold, since there are multiple price levels. A deposit slip for the monies deposited is not sufficient.

2. General Expenses

The union failed to maintain supporting documentation for plumbing work completed at the union office. The union recorded in the meeting minutes that the union-owned building required some plumbing repair and quotes were received, however the union failed to request a receipt or written quote from the pipe fitters who completed the repairs.

Based on your assurance that the union 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 Steelworkers Local 1277 for fiscal year ending December 31, 2006 was deficient in the following areas:

1. Disbursements to Officers

Payments made to officers for their attendance at the steward's meetings were not reported in Item 24, All Officers and Disbursements to Officers. The appropriate amounts an officer received for attendance at the stewards' meeting should be reported in Item 24 next the officer's name. It appears the union erroneously reported these payments in Item 54, Other Disbursements or in Item 48, Office and Administrative Expenses. In addition, any payments made to a non-officer steward, should be reported in Item 46, Disbursements to Employees.

The union must report most direct disbursements to Local 1277 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. Item 17

The union incorrectly answered Item 17 on the Form LM-3. During the reporting period, the union paid Chris Lansley, Office Manager for the union, salary, allowances, and other expenses which totaled more than \$10,000; however the union answered "No" to Item 17. When answered "yes" report in Item 56 the name and position of each employee and the total amount of the disbursements made to each. In addition, include any names of affiliates in which made disbursements to or on behalf of the employee if so applies.

I am not requiring that Local 1277 file an amended LM-3 report for fiscal year 2006 to correct the deficient items, but as agreed, the union will properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to you, Brian, and Chris for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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: John Sobon  
341 Wayland Rd.  
Syracuse, NY 13208