

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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February 12, 2009

Mr. Charles Kramek, Financial Secretary-Treasurer
Steelworkers AFL-CIO
Local 1-450
1013 Arlington Avenue SW
Canton, OH 44706-1416

LM File Number 016-774
Case Number: [REDACTED]

Dear Mr. Kramek:

This office has recently completed an audit of Steelworkers Local 1-450 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, Wesley Risher, Michael Thomas, Larry Lautensleger, and Dave Anderson on January 30, 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 1-450's 2008 records revealed the following recordkeeping violations:

1. Officer Expenses

Local 1-450 did not retain adequate documentation for expenses incurred by President Risher totaling at least \$1,000.00. President Risher received a check in the amount of \$1,000.00 for the purpose of purchasing gifts and door prizes to be given away at the local's annual golf outing. However, he did not keep records or any supporting documentation for the items he purchased.

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. Failure to Record Receipts

Local 1-450 did not record in its receipts records receipts from a 50/50 raffle at its annual picnic held in 2008. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 1-450 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 1-450 for fiscal year ending December 31, 2007, was deficient in the following area:

Loans

Local 1-450 has made a practice of advancing funds to Trustee Michael Thomas for union activities, but not requiring repayment of the unused portion until months later. For example, Trustee Thomas received \$2,000.00 for a retiree party on November 14, 2007, but did not refund the unused amount until March 13, 2008. This is actually a loan to Trustee Thomas, and must be reported as such on the local's LM report. Accordingly, Form LM-3 should have been marked "yes" indicating a loan had been made to an officer or employee during the fiscal year ending on December 31, 2007.

Local 1-450 must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient item discussed above. You were provided with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than February 27, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Local 1-450 routinely makes lost time payments to officers and members engaged in union business. However, you do not require that the member support the lost time claim by providing a time sheet showing the loss of time. OLMS recommends that you require supporting documentation in the future.

I want to extend my personal appreciation to Steelworkers Local 1-450 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,

Brian A. Pifer
District Director

cc: Wesley Risher, President