

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
1222 Spruce Street, Room 9.109E
St. Louis, MO 63103
(314) 539-2667/Fax: (314) 539-2626



March 5, 2008

Mr. Brian Stemler, President
Steelworkers Local 4294
3919 Mississippi Avenue
Cahokia, IL 62206

LM File Number 031-265
Case Number: [REDACTED]

Dear Mr. Stemler:

This office has recently completed an audit of Steelworkers Local 4294 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 Robert Nixon, Treasurer Sylvester Manuel and Vice President Wayne Yerian on March 4, 2008, 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 4294's 2006 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 4294's receipts journal do not reflect the date money was received and the source of the money. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Meal Expenses

Local 4294 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, on a regular basis, food was purchased and brought back to the union office for meetings. Receipts were retained for these purchases, but an explanation of union business conducted and the name of the purchaser were not included. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 4294 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 4294 for fiscal year ending December 31, 2006 was deficient in the following areas:

1. Death Benefits Reported as Dues

Local 4294 improperly included the death benefit assessments as dues in Statement B (Receipts and Disbursements). For LM reporting purposes, death benefit assessment receipts should be recorded in Other Receipts (Item 43), and death benefit disbursements should be recorded in Benefits (Item 50).

2. Cash Figures Do Not Reconcile

Cash figures do not reconcile by \$1,000. It appears that Interest (Item 41) was misreported as \$524. Total CD interest for 2006 should have been reported as \$1,524.

3. Disbursements to Officers

Local 4294 did not include some reimbursements to officers totaling at least \$350 in the amounts reported in Item 24 (All Officers and Disbursements to Officers).

The union must report most direct disbursements to Local 4294 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).

I am not requiring that Local 4294 file an amended LM report for 2006 to correct the deficient items, but Local 4294 has agreed to properly report the deficient items on all future reports it files with OLMS.

Mr. Brian Stemler
March 5, 2008
Page 4 of 4

I want to extend my personal appreciation to Steelworkers Local 4294 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: Sylvester Manuel, Treasurer
Robert Nixon, Financial Secretary