

U.S. Department of Labor

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October 3, 2008

Mr. Richard West, Financial Secretary
Steelworkers AFL-CIO
Local 54
127 E. Broadway
Fulton, New York, 13069

LM File Number 014-238
Case Number: [REDACTED]

Dear Mr. West:

This office has recently completed an audit of Steelworkers, Local 54 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, President Rich Simons, former President [REDACTED] Trustees Mike Clary and Greg Rudz, and Recording Secretary Bud Ward on September 11, 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.

The CAP disclosed the following:

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 54's 2007 records revealed the following recordkeeping violations:

1. General Expenses

Local 54 did not retain adequate documentation for expenses incurred by the union totaling at least \$2,914.16. For example, President Rich Simon attended a conference to Atlantic City with three other union members. Four rooms were paid for but the union did not maintain a hotel receipt or documentation to sustain that disbursement. The total bill for the rooms was \$2,116.16.

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. Meal Expenses

Local 54 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$155.17. 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.

Local 54 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, President Rich Simon submitted a voucher that included two non-itemized receipts from Mama Gina's restaurant in February 2007. 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.

3. Lost Wages

Local 54 did not retain adequate documentation for lost wage reimbursement payments to union officers at least on nine different occasions. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 54 did retain vouchers but failed to list the reasons for the lost time or the dates the lost time was incurred.

4. Failure to Record Receipts

Local 54 did not record in its receipts records some interest earned on certificates of deposits totaling at least \$575.35. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and the amount received, and the source of the money.

Based on your assurance that Local 54 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 54 for fiscal year ending December 31, 2007 was deficient in that:

Disbursements to Officers

Local 54 did not include some disbursements to officers totaling at least \$10,929.38 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). The union wrote checks totaling this amount to Financial Secretary Richard West. Mr. West would cash these checks in order to pay HSBC Bank for federal taxes. Mr. West has been advised that HSBC Bank would only accept payments in cash or from a HSBC bank account. Local 54 wrote the checks to Mr. West who deposited the cash into the account.

The union must report most direct disbursements to Local 54 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).

Local 54 has already filed an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient items discussed above.

I want to extend my personal appreciation to Steelworkers, Local 54 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

Mr. Richard West
October 3, 2008
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cc: President Richard Simon