

U.S. Department of Labor

Office of Labor-Management Standards
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January 26, 2011

Mr. Larry Brewer, President
USW LU 781
119 Patti Drive
Franklin, OH 45005

Case Number: [REDACTED]
LM Number: 055654

Dear Mr. Brewer:

This office has recently completed an audit of USW LU 781 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 Financial Secretary Gari Poffenbarger and you on January 11, 2011, 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 781's 2009 records revealed the following recordkeeping violations:

1. General Expenses

Local 781 did not retain adequate documentation for union expenses totaling at least \$950. For example, hall rentals for union meetings, office supplies purchased, and food purchased for union meetings were lacking documentation to verify the date, amount, vendor, and purpose of the disbursements.

As 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 781 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$600. 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 781 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 union voucher 169 meal expenses totaling \$127.48 were claimed, but there are no names of persons attending listed on the receipt and no union purpose noted. 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. Lack of Salary Authorization

Local 781 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the Labor Organization Annual Report, Form LM-3, were the authorized amounts and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 781 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 Form LM-3 filed by Local 781 for the fiscal year ended December 31, 2009, was deficient in the following area:

1. Disbursements to Officers

Local 781 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 781 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 781 agreed to and has now filed an amended Form LM-3 for the fiscal year ending December 31, 2009 to correct the deficient item discussed above.

2. Delinquent Filing

The audit disclosed a violation of LMRDA Section 201 which requires labor organizations to file financial reports annually with the Department of Labor. Local 781's Form LM-3 for the period ending December 31, 2009 was due March 31, 2010 or 90 days after the end of your organization's fiscal year. The report was received by the Department of Labor on April 6, 2010. Local 781's reports for 2006, 2007, and 2008 were also filed after their due dates.

Local 781 has agreed to file future reports on time with the Department of Labor.

Other Violations

The audit disclosed the following other violation:

1. Prohibited Office-holding

The audit revealed that USW LU 781 Vice President Michael Huffman was holding union office after having been convicted of aggravated burglary. LMRDA Section 504(a) prohibits persons convicted of certain enumerated crimes from holding union office or employment for a period of 13 years after conviction or release from prison, whichever is later, and burglary is one of those crimes.

OLMS reviewed court records pertaining to Mr. Huffman's conviction and subsequent October 15, 2002 release from prison. On December 15, 2010, I informed President Larry Brewer and Mr. Huffman that Mr. Huffman was barred from office for a period extending through October 15, 2015. I understand that Mr. Huffman resigned from union office on December 15, 2010. Due to Huffman's resignation and the union's agreement to comply with LMRDA Section 504(a), OLMS will take no further action regarding this matter.

I want to extend my personal appreciation to USW LU 781 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,

[REDACTED]
Investigator

cc: Mr. Gari Poffenbarger, Financial Secretary