

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Minneapolis Resident Investigator Office  
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Minneapolis, MN 55402  
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February 23, 2007

Ms. Cherie Averill-Manner, President  
Steelworkers Local 9115  
P.O. Box 241  
Mt. Iron, Minnesota 55768

Case Number: [REDACTED]

Dear Ms. Averill-Manner:

This office has recently completed an audit of Steelworkers Local 9115 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 Treasurer Paul Mattila, Financial Secretary Connie Wittrup, USWA District 11 staff John Rebrovich, and you on February 16, 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.

Reporting Violations

The CAP 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 9115 for fiscal year ending December 31, 2005, was deficient in the following areas:

1. Item 14 (Audit or Review of Books)

Item 14 was incorrectly answered "yes." The instructions for Item 14 require that it be answered yes if the audit was conducted by an outside accountant or a parent body auditor/representative, and that you report in Item 56 (Additional

Information) whether the audit was completed by an outside accountant or a parent body auditor/representative. You advised that during 2005, Local 9115 was not audited by a parent body auditor or an outside accountant, but that records were audited by trustees. The instructions for Item 14 state, "do not answer Item 14 "Yes" if the audit or review was performed by an audit committee or trustees of your organization."

2. Item 20 (Fidelity Bond)

The amount reported in Item 20 (Fidelity Bond) is incorrect. Local 9115 reported in Item 20 that officers and employees were bonded for \$2,970. However, the audit revealed that during 2005, Local 9115's officers and employees were actually bonded for \$10,000.

3. Item 24, Column E (All Officers and Disbursements to Officers -Allowances and Other Disbursements)

A disbursements to you for the rental from the business owned by you of a storage unit used by Local 9115 was not included in the amount reported in Item 24, Column E (All Officers and Disbursements to Officers). This payment appears to have been erroneously included in the amount reported in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

All direct disbursements to union officers (except loans to officers which must be reported in Item 26 (Loans Receivable) and Item 53 (Loans Made); benefits to officers which must be reported in Item 50 (Benefits); reimbursements to an officer for the purchase of investments or fixed assets, such as reimbursing an officer for a file cabinet purchased for office use, which must be reported in Item 52 (Purchase of Investments and Fixed Assets) and explained in Item 56) and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

4. Item 41 (Interest and Dividends)

Interest earned on bank accounts was not reported in Item 41. The instructions for Item 41 state, "Enter the total amount of interest and dividends received by your organization from savings accounts, bonds, mortgages, loans, investments, and all other sources."

I am not requiring that Steelworker 9115 file an amended LM-3 report for 2005 to correct the deficient items, but as agreed, the local will properly report the deficient items on all future reports filed with this agency.

Additional Reporting Violation

Failure to file an LM-30 (Labor Organization and Officer Employee Report)

The audit revealed that Local 9115 rents a storage unit from your business. However, you failed to file an LM-30 for 2005. As the Overview Sheet for the LM-30 that I provided you explains (and as you can see in the LM-30 instructions), you are required to file an LM-30 if you, your spouse, or minor child held an interest in or received income or other benefits from a business in which any part of the business consists of buying from, selling, or leasing directly or indirectly to, or otherwise dealing with your labor organization or a trust in which your labor organization is interested. Since you receive payments from the local for the rental, you must file an LM-30. Additionally, your business must complete an LM-10 (Employer Report) disclosing the contract with the local and the receipt of the rental payments from the local. I provided you with a blank LM-30 form and instructions to access the form online. As I explained, the LM-30 must be filed within 90 days of the end of your union's fiscal year, and the LM-10 must be filed within 90 days of the end of your storage business's fiscal year.


As we discussed during the exit interview, the audit revealed that Local 9115 does not have a policy in place that requires any disbursements of any amount be approved by the union's membership. I strongly recommend that Local 9115 adopt such a policy to improve its internal controls.

I want to extend my personal appreciation to Steelworkers Local 9115 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials

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provided are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

  
Investigator

cc: Paul Mattila, Treasurer  
Connie Wittrup, Financial Secretary  
LM Number: 516-530