



July 19, 2011

Mr. Milton Cassara, President and Business Manager
Steelworkers Local 48
24371 Lorain Road
North Olmsted, Ohio 44070

Case Number: [REDACTED]
LM Number: 007476

Dear Mr. Cassara:

This office has recently completed an audit of Steelworkers Local 48 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 on June 29, 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 48's 2010 records revealed the following recordkeeping violations:

1. Lack of Inventory List

Local 48 does not maintain a list of the union's property. During the audit, you explained that many of the items used to furnish the office of Local 48 were donated or retrieved from disposal. Regardless of how the property is acquired, all property of the union should be included on an inventory list that is maintained in the permanent records of Local 48.

2. Information not Recorded in Executive Board Meeting Minutes

During the audit, you advised OLMS that the executive board reviews and authorizes disbursements at their monthly meetings. However, the minutes of the monthly executive board meetings do not contain any reference to the review or approval of disbursements. Minutes of executive board meetings must include a description of any disbursement authorizations made at those meetings.

3. Lack of Salary Authorization

Local 48 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was 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 48 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-2) filed by Local 48 for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Reporting of Officers

Local 48 did not report the names of some officers on Schedule 11 (All Officers and Disbursements to Officers) of Form LM-2. The audit revealed that Local 48 has several officers who are elected officers but not identified on Schedule 11 such as Treasurer Ray Looney. The union must report on Schedule 11 all persons who held office during the year, regardless of whether they received any payments from the union.

2. Reporting of Bond

The LM-2 report for the year ending December 31, 2010 indicates in Item 14 that "\$0" is the amount recoverable under the labor organization's fidelity bond. Section 502 of the LMRDA requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. The United Steelworkers purchases blanket bond coverage for all of its locals in the amount equal to 10% of the funds handled per the most recent LM report. This amount should be reported in Item 14 of Form LM-2.

I am not requiring that Local 48 file an amended LM report for 2010 to correct the deficient items, but Local 48 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

Form LM-30 Requirement

During the audit, you advised that Local 48 has sub-leased its office space from your wife, Arlene Cassara since approximately 2004. Although this arrangement was approved by the executive board of the union, Section 202 of the LMRDA requires that all such arrangements be reported on Form LM 30, Labor Organization Officer and Employee Annual Report. As we discussed during the exit interview, you must complete form LM-30 for the years ending 2008, 2009, and 2010 as well as any year in the future that the agreement exists.

Other Issues

1. Signing Blank Checks

During the audit, you advised that Treasurer Ray Looney signs blank checks. Your union requires that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 48 review these procedures to improve internal control of union funds.

2. Reporting of Receipts and Disbursements

The method used by Local 48 for reporting receipts and disbursements is confusing and causes both categories to appear greater than they actually are on the LM report. Specifically, dues payments are sent from the employers to Local 48. Local 48 deposits the checks and issues another check to the International for the same amount. The International in turn sends a check to Local 48 for their portion of the dues. This method of reporting also increases the bond required by the union because the total receipts reported on the LM-2 is overstated.

Mr. Milton Cassara

August 2, 2011

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I want to extend my personal appreciation to Steelworkers Local 48 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: Ray Looney, Treasurer