



March 14, 2013

Mr. James Gardiner, Financial Secretary-Treasurer
Ironworkers Local 1
7720 W. Industrial Drive
Forest Park, IL 60130

Case Number: 310-23530 [REDACTED]
LM Number: 027977

Dear Mr. Gardiner:

This office has recently completed an audit of Ironworkers Local 1 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 March 15, 2013, 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 1's 2012 records revealed the following recordkeeping violations:

1. Gas Credit Card Expenses

Local 1 did not retain adequate documentation for gasoline credit card expenses incurred by union officers totaling at least \$10,000.00. All of the Amoco and Exxon/Mobil credit card expenses did not have receipts to support 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. Union Owned Vehicles

The union did not maintain records necessary to verify the accuracy of the information reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2. Local 1 officers did not maintain any record describing the business or personal use of the union automobiles during the year.

For each trip they take using a union owned vehicle, officers must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

3. Information not Recorded in Meeting Minutes

Article XXVI, Sections 4 and 5 of the International Constitution requires that all disbursements be authorized by the membership. However, the minutes of the meetings do not contain any reference to the approval of many of the disbursements incurred by the union. For example, there was no approval in the meeting minutes for a disbursement of \$7,650.78 on check number [REDACTED] to Stars & Stripes and a disbursement of \$3,362.53 on check number [REDACTED] to Zubie Wear.

Minutes of all membership and/or executive board meetings must report authorizations for all disbursements incurred by the union.

4. Items Given Away to Members

Local 1 did not provide a list of recipients for items that were given away to members. For example, the union did not provide a list of members who received \$25.00 gift cards that were purchased on check number [REDACTED] at Jewel Food Store in the amount of \$500.00.

All items given away by the local should include a list of recipients as supporting documentation.

Based on your assurance that Local 1 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 1 for the fiscal year ended June 30, 2012, was deficient in the following area:

1. Inventory of Supplies

Local 1 did not report the value of its inventory of supplies on hand which included t-shirts, hats, gloves, and sweatshirts. The audit revealed that the union had at least \$6000.00 of clothing in storage at the union office on February 4, 2013. The union must report the value of any supplies that may be resold or given away that are on hand at the beginning and end of each year in Item 28 (Other Assets) of the LM-2 report.

2. Checks Cashed by the Local

Local 1 did not report some receipts and cash disbursements on Form LM-2 totaling at least \$330.00 for checks that the local cashed for its employees and members. This practice caused the union to underreport its receipts and disbursements on its Form LM-2. These receipts and cash disbursements should have been recorded in Schedule 14 (Other Receipts) and Schedule 18 (General Overhead), respectively.

The union must report in Schedule 14 (Other Receipts) the labor organization's receipts from all sources, other than those that must be reported elsewhere in Statement B. The labor organization must report in Schedule 18 (General Overhead) disbursements to all entities and individuals that cannot be allocated to any of the other disbursement categories.

I am not requiring that Local 1 file an amended LM report for 2012 to correct the deficient items, but Local 1 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Ironworkers Local 1 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: Mr. Craig Satalic, President