



January 15, 2013

Mr. Dave Harvey, President
United Steelworkers, AFL-CIO
Local Union 8042
121-1 West Jefferson Street
Butler, PA 16001

Case Number: [REDACTED]
LM Number: 070002

Dear Mr. Harvey:

This office has recently completed an audit of United Steelworkers, AFL-CIO 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, Financial Secretary Rose Faust and Treasurer James Allen on January 1, 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 Union 8042's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local Union 8042 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$220.00. For example, in September 2011, you and Financial Secretary Rose Faust each received a \$40.00 reimbursement for extra baggage fees incurred as a result of your travel to the United Steelworkers Convention in Las Vegas, Nevada. The union maintained no documentation to support the reimbursement of the expenses.

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. Failure to Record Receipts

Local Union 8042 did not record in its receipts records a check received from the federal government in July 2011, totaling \$3,927. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local Union 8042 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-3) filed by Local Union 8042 for fiscal year ending December 31, 2011 was deficient in the following areas:

1. Disbursements to Officers

Local Union 8042 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). For example, Unit President John Lamberto received \$776.67 in salary and lost time payments during the audit year but his name is not reported in Item 24. 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 Union 8042 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).

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local Union 8042 amended its constitution and bylaws in 2011, but did not file a copy with its LM report for that year.

Local Union 8042 has now filed a copy of its constitution and bylaws.

I am not requiring that Local Union 8042 file an amended LM report for 2011 to correct the deficient items, but Local Union 8042 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to United Steelworkers, AFL-CIO, Local Union 8042 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: Ms. Rose Faust, Financial Secretary
Mr. James Allen, Treasurer