

U.S. Department of Labor

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January 13, 2011

Mr. Steve Finnigan
USW District 4
100 Medway Road
Milford, MA 01757

LM File Number: 008-596

Case Number: [REDACTED]

Dear Mr. Finnigan:

This office has recently completed an audit of United Steelworkers AFL-CIO Local 04-1407 under the Compliance Audit Program (CAP) to determine the organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). 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 United Steelworkers Local 04-1407's 2008 records revealed the following recordkeeping violations:

1. General and Officer and Employee Expenses

Local 04-1407 did not retain adequate documentation for expenses incurred by the union totaling at least \$1,490. For example, the local disbursed \$236.34 to Chief Steward Jacqueline Rice for "miscellaneous" with no receipts.

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. Lost Wages

Local 04-1407 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees in at least eight instances. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 04-1407 did not retain any union lost time vouchers. The local's employer closed down in 2008.

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 LM-3 filed by Local 04-1407 for fiscal year ending December 31, 2008, was deficient in the following area:

1. Disbursements to Officers

Local 04-1407 did not include some reimbursements to officers totaling at least \$120 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Local 04-1407 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).

I am not requiring that Local 04-1407 file an amended report for 2008 to correct the deficient items. Local 04-1407 terminated in February 2009 and a terminal LM-3 report was filed on their behalf by the USW International auditor.

I want to extend my personal appreciation to USW District 4 for the cooperation and courtesy extended during this compliance audit. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator