



October 28, 2010

Mr. John Logan, Financial Secretary
Steelworkers Local 1063
PO Box 1472
1414 20th Street
Granite City, IL 62040-1472

Case Number: [REDACTED]
LM Number: 031291

Dear Mr. Logan:

This office has recently completed an audit of Steelworkers Local 1063 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, President Robert Lott Jr, Treasurer Dean Swalley on September 7, 2010, 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 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 1063 for the fiscal year ended December 31, 2009, was deficient in that:

1. Disbursements to Officers (LM-3)

Local 1063 did not include some indirect disbursements made on behalf of its officers totaling at least \$22,934.64 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 56 (Other Disbursements).

The union must report most direct disbursements to Local 1063 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).

During the audit, Local 1063 filed an amended LM report for 2009 to correct the deficient item. Local 1063 has agreed to properly report the deficient items on all future reports it files with OLMS.

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 1063 amended its constitution and bylaws in 2009, but did not file a copy with its LM report for that year.

Local 1063 will file a copy of its current constitution and bylaws with OLMS as soon as possible.

I want to extend my personal appreciation to Steelworkers Local 1063 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. Robert Lott, President
Mr. Dean Swalley, Treasurer