



September 8, 2010

Ms. Shelia Bell, Financial Secretary  
Steelworkers Local 12-9308  
65 Globe Avenue  
Texarkana, AR 71854

Case Number: [REDACTED]  
LM Number: 528-406

Dear Ms. Bell:

This office has recently completed an audit of Steelworkers 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 and Dwayne White, Treasurer on August 24, 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.

#### 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 9308's 2007 records revealed the following recordkeeping violations:

- 1) Local 9308 failed to maintain adequate financial records, specifically supporting documents for any of its disbursements, including disbursements to its officers or employees, for lost time claims, administrative and office expenses, contributions, gifts, grants etc., which prevented OLMS from verifying the accuracy, details, and purpose for each check. During the opening interview, OLMS was informed that it was past practice for the union to pay its principal officers and union stewards a monthly stipend.

For example, Local 9308 reported allowances and other disbursements to President Alan Priskey of \$3,023.00, Vice-President Pamela Hamilton of \$637.00, Financial Secretary Maurice Bell of \$1,736.00, Recording Secretary Gwen Jones of \$472.00, and Treasurer Dwayne White of \$808.

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) During the audit, Ms. Bell advised OLMS that the membership authorized and pre-approved all expenditures during Local 9308's monthly membership meetings. However, Local 9308 failed to maintain minutes from its monthly membership or quarterly executive board meetings, preventing OLMS from verifying any disbursement authorization. Minutes of all membership or executive board meetings should be kept and must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 9308 will retain adequate records and documentation in the future, amend the Bylaws to incorporate the officers' current allowances and other disbursements, OLMS will take no further action at this time regarding the above violations.

#### Reporting Violation

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 9308 for fiscal year ending December 31, 2007, was deficient in that the union's officials that prepared the LM-Report failed to use its financial records, including bank records, in preparing the LM-Report. Therefore, the figures reported on the LM-Report were incorrect and incorrectly categorized.

Local 9308 was required to file an amended Form LM-3 for the fiscal year ending December 31, 2007, to correct the deficient items discussed above. However, Local 9308 complied and filed the amended report at the exit interview.

I want to extend my personal appreciation to Steelworkers 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. Alan Priskey, President