

U.S. Department of Labor

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January 23, 2008

Mr. Dennis Halloran, President
Steelworkers Local 12003
206 Minot Street
Dorchester, MA 02122-2039

LM File Number: 044-020

Case Number: [REDACTED]

Dear Mr. Halloran:

This office has recently completed an audit of Steelworkers Local 12003 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 on January 22, 2008, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. In the case of receipts, the date,

amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all amounts.

The audit of Local 12003's 2006 records revealed the following recordkeeping violations:

1. Lost Wages

Vouchers submitted by union members for lost wages do not identify the union business conducted that required wages to be lost nor the date the wages were lost. The financial secretary kept a record of the date and hours lost for each member but only recorded the union purpose as "make up" pay. During the exit interview, we reviewed the union's lost time vouchers and I explained what information was required to be documented.

2. Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for reimbursed expenses and expenses that were direct paid by the union. For example, in March 2006, President Halloran used his personal Bank of America credit card to purchase meals for negotiations totaling \$873.14. While the voucher submitted for reimbursement cited the union purpose for the meals, neither the voucher nor the meal receipts noted the names or number of individuals present for the meals. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

As agreed, provided that Local 12003 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding the violations.

Reporting Violations

The CAP 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 12003 for fiscal year 12-31-2006 was deficient in the following areas:

1. LM-2 Schedules 11 and 12 (All Officers and Disbursements to Officers/Disbursements to Employees)

Local 12003 failed to include some reimbursements to officers and employees in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). For example, President Halloran, Financial Secretary Daly, and Secretary O'Connell received reimbursements for meals, parking, and office expenses. These reimbursements should have been reported in Schedule 11(F) "Disbursements for Official Business." Such payments appear to have been erroneously reported in Schedules 15 through 19.

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 11 and 12. However, indirect disbursements for business expenses incurred for transportation by public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

2. LM-2 Failure to Itemize Disbursement or Receipt

Local 12003 failed to properly report a major transaction in Schedule 19 (Union Administration). A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period. The union failed to identify and itemize airfare payments to US Airways. Fifteen tickets were purchased separately for an aggregate disbursement of \$7,131.89. This total appears to have been included in Statement B, Line 54-Union Administration.

I am not requiring Local 12003 to file an amended report for 2006 to correct the deficient items, but as agreed, Local 12003 will properly report the deficient items on all future reports filed with this agency.

Other Issues

1. No Authorization For Salaries

During the audit, I advised you that authorization for the salary amounts paid to the union officers could not be found in union records. I recommend that Local 12003 document the salary amounts in meeting minutes or some other internal union document following discussion in the appropriate membership meeting. When the authorized salary amounts have been recorded in union records, I would appreciate a copy of the record documenting the authorization to me at the above address.

2. Countersignature

Local 12003 By-Laws, Article 5, Sect. 5(a) Duties of Treasurer states, "The Treasurer shall sign all checks and have them countersigned by the President and the Financial Secretary." However, check # [REDACTED] dated 6/14/06, written to Negotiating Committee member, [REDACTED], had only one signature (Treasurer Lisa O'Connell). The three signature requirement is an effective internal control of union funds. It's purpose is to attest to the authenticity of a completed document already signed. I recommend Local 12003 review the By-Laws and adhere to the three signature requirement to assure internal control of union funds.

I want to extend my personal appreciation to Steelworkers Local 12003 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,

Mr. Dennis Halloran
January 23, 2008
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Mark Letizi
District Director

cc: Ms. Lisa O'Connell, Treasurer