



July 14, 2016

Mr. John Grunsky, President
Steelworkers, AFL-CIO
Local 1557
322 State Street
Clairton, PA 15025-1914

Case Number: 140-6007499
LM Number: 028233

Dear Mr. Grunsky:

This office has recently completed an audit of Steelworkers, AFL-CIO Local 1557 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 Financial Secretary William Kutscher on July 5, 2016, 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-2) filed by Local 1557 for the fiscal year ended December 31, 2015 was deficient in the following areas:

1. Other Assets (LM-2)

Local 1557 purchases hats, sweatshirts and t-shirts during the fiscal year that it resells to members. The union maintains a continuous inventory of these items, replenishing them as needed. As the merchandise is not completely sold out at the end of each fiscal year, the union must report the value of union property on hand at the beginning and end of each year in Item 28 (Other Assets) of the LM-2 report.

2. Sale of Supplies (LM-2)

Local 1557 did not correctly report receipts from the sale of their merchandise nor properly report disbursements used to purchase union merchandise. The audit revealed that during 2015, Local 1557 disbursed at least \$5,307 for items that it re-sold to members, collecting

receipts totaling at least \$3,943. The LM-2 instructions require that the union report receipts from the sale of supplies in Item 39 (Sale of Supplies) and disbursements for supplies for resale in Item 59 (Supplies for Resale). In addition, it must report the value of any supplies for resale on hand at the beginning and end of the year in Item 28 and Schedule 7 (Other Assets).

3. Fund Transfers

Local 1557 improperly reported a fund transfer from the local's savings account to the local's checking account as a receipt in Item 43 (Sale of Investments and Fixed Assets) and as a disbursement in Item 55 (Benefits) of Statement B (Receipts and Disbursements). The purpose of Statement B is to report the flow of cash in and out of the labor organization during the reporting period. Transfers between separate bank accounts of the labor organization do not represent the flow of cash in and out of the labor organization. Therefore, the transfer of funds from one union account to the next should not be reported as receipts or disbursements.

I am not requiring that Local 1557 file an amended LM report for 2015 to correct the deficient items, but Local 1557 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers, AFL-CIO Local 1557 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: William Kutscher, financial secretary