



March 26, 2012

Mr. Phillip Mielke, President
Steelworkers Local 2-681

Case Number: [REDACTED]
LM Number: 035393

Dear Mr. Mielke:

This office has recently completed an audit of Steelworkers Local 2-681 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 Treasurer Brad Iwanski on March 16, 2012, 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 2-681 for the fiscal year ended December 31, 2010 was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because Local 2-681 gave away gift cards and t-shirts to their members totaling more than \$1,600 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees."

2. Other Assets

During the audit year, Local 2-681 maintained records identifying the recipients of Pick N Save gift cards that were given away as door prizes at monthly membership meetings and to members who were on sick and disability leave for more than 30 days at a time. During the audit, Treasurer Iwanski stated that Local 2-681 had at least \$50 worth of gift cards on

hand at the beginning of the year and at least \$300 worth of gift cards on hand at the end of the audit year. However, Local 2-681 failed to report the amount of those gift cards as other assets in Items 28(a) and 28(b) (Other Assets at the Beginning and End of the Reporting Period) of the LM-3 Report.

Local 2-681 must report the value of their inventory of gift cards as other assets at both the beginning and end of the reporting period in Items 28(a) and 28(b).

3. Disbursements to Officers

Local 2-681 did not report the names of some officers in Item 24 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Item 24 regardless of whether they received any payments from the union. During the exit interview, you stated that Jay Lamers served as a guard and Giralamo Balistreri served as the guide during the audit period; however, these officers were not identified in Item 24. Both of these officers hold positions on the executive board and are required to be identified as officers in Item 24.

The local also failed to include some reimbursements to officers totaling at least \$300 in the amounts reported Item 24 (All Officers and Disbursements to Officers). The disbursements ledger indicates that you, Treasurer Iwanski, and Vice President Scott Fabus received payments for expenses totaling \$970. However, the total amounts reported in Column E (Allowances and Other Disbursements) of Item 24 total only \$664. Treasurer Iwanski advised that some of the payments were included in either the amount reported in Office and Administrative Expenses (Item 48) or in the amount reported in Other Disbursements (Item 54).

Most direct disbursements to Local 2-681 officers and some indirect disbursements made on behalf of its officers must be reported 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 2-681 file an amended LM report for 2010 to correct the deficient items, but Local 2-681 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 Local 2-681 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this

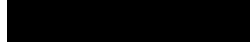
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letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mr. Scott Fabus, Vice President
Mr. William Spansy, Recording Secretary