

U.S. Department of Labor

Office of Labor-Management Standards
Cleveland District Office
1240 East Ninth Street
Room 831
Cleveland, OH 44199
(216)357-5455 Fax: (216)357-5425



February 9, 2010

Mr. Carl Seaburn, President
United Steelworkers AFL-CIO
Local 2345
1038 Belden Avenue NE
Canton, Ohio 44705

LM File Number 013-729
Case Number: [REDACTED]

Dear Mr. Seaburn:

This office has recently completed an audit of Steelworkers Local 2345 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 Bob Roberts on February 3, 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 2345's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 2345 did not retain adequate documentation for reimbursed expenses incurred by President Seaburn totaling at least \$3,790. Although the local maintained a voucher and Seaburn's personal credit card statement, no other supporting documents were available for the purchase of four airline tickets to attend an International convention in Las Vegas, Nevada.

As previously 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. Receipt Dates not Recorded

Entries in Local 2345's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

3. Incomplete Receipt Records

Local 2345 did not retain adequate documentation for income received and deposited totaling at least \$343. For example, 50/50 raffle monies and some deposits were not supported by any documentation. Although receipts were

recorded in the union's receipts journal and deposited into the union's bank account, a document recording the source of the income was not retained. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 2345 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 2345 for fiscal year ending December 31, 2008, was deficient in the following area:

Misclassification of Receipts

Local 2345 incorrectly reported monies received from employer Republic Storage Systems in Item 38 (Dues). During the exit interview, you confirmed that the funds received from Republic Storage Systems are not dues. You stated that Republic Storage Systems reimbursed Local 2345 for the cost of two officer training events in 2008. The payments totaling \$1,165 should be reported in Item 43 (Other Receipts).

I am not requiring that Local 2345 file an amended LM report for 2008 to correct the deficient item, but Local 2345 has agreed to properly report the deficient item on all future reports it files with OLMS.

Other Issues

Duplicate Receipts

The audit revealed that the guide or other union representative who collected 50/50 raffle monies at membership meetings and turned them in to the president or treasurer did not issue duplicate receipts to members. OLMS recommends that Local 2345 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a

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record is created of income which is not otherwise easily verifiable. Each union officer or representative who collects dues should utilize a duplicate receipt book. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to Steelworkers Local 2345 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: Bob Roberts, Financial Secretary