

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Boston District Office
Room E-365
JFK Federal Building
Boston, MA 02203
(617)624-6690 Fax: (617)624-6606



September 17, 2008

Mr. Andrew Slipp, International Representative
United Steelworkers (USW)
Local 2782
100 Medway Road, Suite 403
Milford, MA 01757

LM File Number 013-705
Case Number: [REDACTED]

Dear Mr. Slipp:

This office has recently completed an audit of USW Local 2782 under the Compliance Audit Program (CAP) to determine the 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 on September 16, 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 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 2782's records for the fiscal year ending December 31, 2006, revealed the following recordkeeping violations:

1. General Expenses

Local 2782 did not retain adequate documentation for general expenses incurred by the union totaling at least \$1,210.00. For example, the union did not maintain records detailing payments to the VFW of Easton for union meetings.

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 the union, who are required to sign the union's LM report, are responsible for properly maintaining union records.

2. Lost Wages

Local 2782 did not retain adequate documentation for lost wage reimbursement payments to union officers in at least 21 instances, totaling \$892.81. The OLMS audit found that Local 2782 did not maintain any documentation supporting lost wage payments made to officers. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted.

3. Lack of Salary Authorization

Local 2782 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Due to the fact that Local 2782 is terminating, union records will cease to be created during the course of business; however, pre-existing records must be retained for a period of not less than five years after the filing of the documents based on the information which they contain, in accordance with Title II, Section 206 of the LMRDA. Based on your assurance that Local 2782's records will be maintained by yourself or a representative of the United Steel Workers District 4 Sub-District Office in Milford, Massachusetts, 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 2782 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers

Local 2782 did not include some reimbursements to officers totaling at least \$368.91 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 2782 officers and some indirect disbursements made on behalf of its officers 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).

2. Categories of Expenses

It appears that at least \$5,786.65 in employer contributions to FICA were erroneously reported in Item 54 (Other Disbursements). They should be reported in Item 48 (Office and Administrative Expenses). Additionally, it appears that the local spent at least \$2,490.75 on meeting hall rentals, expenses which were also improperly included in Item 54 (Other Disbursements). Rent should be reported in Item 48 (Office and Administrative Expense).

2. Failure to File Annual Financial Reports

Local 2782 failed to file annual financial reports for the fiscal year ending December 31, 2007, and for the period between January 1, 2008 and January 24, 2008, the date on which the local's accounts were closed by you. As a result of the closure of the employer Belcher Corporation's facility in late June or early July of 2007, Local 2782 essentially ceased to function as a local union; however, no termination report was filed. As USW representative assigned to the Local 2782 closure, you must ensure that the appropriate annual financial reports are filed. Please be sure that the Local 2782 termination report contains the following information in Item 56 (Additional Information): a detailed statement of the reason that the local union has ceased to exist; a description of the disposition of the organization's cash and other assets, if any; and the name and address of the person or organization that will retain the records of the terminated local union.

I am not requiring that Local 2782 file an amended LM report for 2006 to correct the deficient items; however, Local 2782 must file an annual financial report for the fiscal year ending December 31, 2007 and for the period between January 1, 2008 and January 24, 2008. You were provided with blank forms and instructions and advised that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The required financial reports should be submitted to this office at the above address as soon as possible, but not later than September 30, 2008. Before filing, review the report thoroughly to confirm that it is complete, accurate, and signed properly with original signatures.

Other Issues

As was discussed during the exit interview with you, the audit revealed that cashier's check number [REDACTED] for \$6,462.57, the combined balance of Local 2782's bank accounts on January 24, 2008, the date on which the accounts were closed, has not yet been deposited into the international union's treasury. You advised that on September 16,

2008, you forwarded the check to [REDACTED] in local union services with the international union at 5 Gateway Center in Pittsburg, Pennsylvania 15222. OLMS requires that you provide record of the negotiation and deposit of check [REDACTED] into the accounts of the USW international. Please provide any and all relevant documentation concerning the deposit of the balance of Local 2782's funds to OLMS as soon as possible, but not later than September 30, 2008.

I want to extend my personal appreciation to you and to USW Local 2782 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,

Mark Letizi
District Director

cc: Steve Finnigan, Sub-District Director