

U.S. Department of Labor

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January 7, 2008

Mr. James Nichols, Treasurer
Steelworkers AFL-CIO
Local Union 4-598
PO Box 2932
Niagara Falls, NY 14302-2932

LM File Number 542-733
Case Number: [REDACTED]

Dear Mr. Nichols:

This office has recently completed an audit of Steelworkers Local 4-598 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 on January 4, 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 4-598's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 4-598 did not maintain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$500. For example, [REDACTED] received reimbursement for the purchase of airline tickets and other expenses incurred when he traveled to Washington D.C. for union business, and he did not retain adequate documentation to support payments to him.

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. Meal Expenses

Local 4-598 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$493.80. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 4-598 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, there were no notations made on restaurant receipts from Goodfellas' Pizzeria. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles

of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Lost Wages

Local 4-598 did not retain adequate documentation for lost wage reimbursement payments to union officers for at least 105 hours of lost wages paid. 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. The OLMS audit found that officers did not include the date lost wages were incurred, number of hours lost on each date, the applicable rate of pay and description of the specific union business conducted on some vouchers.

During the exit interview, we reviewed the expense voucher used by Local 4-598. We discussed the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 4-598 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 (LM-3) filed by Local 4-598 for fiscal year ending December 31, 2006 was deficient in that:

Disbursements to Officers

Local 4-598 did not include some reimbursements to officers totaling at least \$600 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Local 4-598 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).

I am not requiring that Local 4-598 file an amended LM report for 2006 to correct the deficient items, but Local 4-598 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 4-598 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: Kevin Chambers, Finance Officer