

**U.S. Department of Labor**

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October 24,2008

Mr. Earl Boring, Financial Secretary/Treasurer  
Steelworkers AFL-CIO  
Local 525  
30 East Stevens Street  
Newark, Ohio 43055

LM File Number 010-280

Case Number: [REDACTED]

Dear Mr. Boring:

This office has recently completed an audit of Steelworkers Local 525 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 June 30,2008, 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 525's 2007 records revealed the following recordkeeping violations:

1. General Disbursements and Reimbursed Expenses

Local 525 did not retain adequate documentation for a reimbursed expense incurred by President Stephen Bishoff. Specifically, on April 27, 2007 President Bishoff was reimbursed by Local 525 for engraving a watch for ██████'s retirement. This disbursement was categorized as a "Retirement donation to ██████" on the ledger. No receipt or other supporting documentation could be found to explain the exact purpose of this disbursement. Similarly, debit charges for office supplies and meeting beverages as well as checks #█████ and #█████ lacked supporting documentation.

As previously noted, 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 525 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, four meals were purchased in February of the audit year for BWC Institute lunches, but the names of those in attendance were not included on the receipts. 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 525 did not retain adequate documentation for lost wage reimbursement payments to union officers on three occasions totaling at least \$1,118. 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.

4. Voided Checks

Local 525 did not retain voided checks # [REDACTED] and # [REDACTED].

All union records created, used, or received during the course of union business, and which are necessary to verify, explain or clarify, and check for accuracy and completeness on the LM report (including voided checks) must be retained for five years following the date the LM is filed.

Based on your assurance that Local 525 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 525 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 525 did not include some reimbursements to officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, a door prize received by Financial Secretary/Treasurer Boring as well as lunches for two officers were erroneously reported in Item 54.

The union must report most direct disbursements to Local 525 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. Certificates of Deposit Reported As Investments

Local 525 improperly included the value of certificates of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

On August 12, 2008, this office received an amended Form LM-3 report for fiscal year ending December 31, 2007 correcting the errors involving the above deficiencies. As agreed, provided that Local 525 maintains adequate documentation for these items in the future, no further action is being considered regarding the violations at this time.

I want to extend my personal appreciation to Steelworkers Local 525 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,



Lead Investigator

cc: President, Stephen Bishoff