

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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July 28, 2009

Ms. Reyna Alvarez
Steelworkers, Local 5632
PO Box 502
Fontana, CA 92334

LM File Number: 031-229
Case Number: [REDACTED]

Dear Ms. Alvarez:

This office has recently completed an audit of Steelworkers, Local 5632 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 12, 2009 the following problems were disclosed during the CAP. The matter listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

The audit disclosed:

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in

those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 5632's 2007 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for reimbursed expenses and for lodging expenses that were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations where meal expenses were incurred must be recorded.

2. Lost Wages

Some vouchers submitted by union personnel for lost wages do not identify the union business conducted that required lost wages be incurred. The lost wage claims must 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. General Reimbursed Expenses

Local 5632 did not retain adequate documentation for at least one reimbursed expense totaling \$1,500. Specifically, Local 5632 failed to support \$1,500 for reimbursement of t-shirts paid to Joseph Beaver.

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.

Based on your assurance that Local 5632 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 Form LM-3 filed by Local 5632 for fiscal year ending December 31, 2007, was deficient in the following area:

1. Disbursements to Officers

Local 5632 did not include some reimbursements to officers, totaling at least \$2,000, in the amounts reported Item 24 (All Officers and Disbursements to Officers). The fiscal year ending December 31, 2007 LM-3 Report did not disclose loans outstanding at the end of the year. The union must report most direct disbursements to Local 5632 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).

OLMS is not requiring that Local 5632 file an amended LM report for 2007 to correct the deficient items, but Local 5632 has agreed to properly report the deficient items on all future reports with OLMS.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 5632 amended its constitution, but did not file a copy with its LM report for those years.

Local 5632 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Steelworkers, Local 5632 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator