



May 31, 2016

Mr. Frank Martinelli, Treasurer  
Steelworkers, AFL-CIO  
Local 5852  
604 Eden Park Boulevard  
McKeesport, PA 15132

Case Number: 140-6007188 [REDACTED]

LM Number: 031712

Dear Mr. Martinelli:

This office has recently completed an audit of Steelworkers, AFL-CIO, Local 5852 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 May 27, 2016, 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 5852's 2015 records revealed the following recordkeeping violations:

## **1. Meal Expenses**

Local 5852 did not require officers to submit itemized receipts for meal expenses totaling at least \$163.36. For example, a voucher submitted by an officer for a meal at Di's Kornerstone restaurant did not include the entire itemized bill. 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 5852 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. 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.

## **2. Disposition of Property**

Local 5852 did not maintain an inventory of property it purchased, sold, or gave away. During the fiscal year, the union purchased watches that it gives to members upon retirement. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the identity of the member who received the watch, of any other union property that is given away during the year. During the exit interview, the union agreed to record the member's name in the meeting minutes or some other union record and to keep an inventory of the watches purchased.

## **3. Gift Cards**

For the holiday Christmas party, Local 5852 purchased \$2,000 worth of gift cards which were given to members. Local 5852 failed to maintain records that would identify the recipients of the gift cards. During the exit interview, we discussed the union identifying the winner of the gift card next to the member's name on the sign in sheet for the holiday party or on the back of the 50/50 ticket that is drawn.

## **4. Failure to Maintain Receipt Records**

Local 5852 did not maintain all receipt records for the payment of dues by Sears' members. The audit found that although the union recorded the payments received from members in their general ledger, on several occasions member payment records were missing. It was not possible to identify which members had made payments for certain months. The union has agreed to keep better track of individual payment histories.

Based on your assurance that Local 5852 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 5852 for the fiscal year ended December 31, 2015 was deficient in the following area:

Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away and watches and gift cards totaling more than \$2,000 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Local 5852 file an amended LM report for 2015 to correct the deficient items, but Local 5852 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local 5852 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,

[REDACTED]  
Investigator

cc: Mr. Jason Crosby, President  
Ms. Debbie Yonek, USW International Auditor