

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Buffalo District Office  
130 South Elmwood Street  
Room 510  
Buffalo, NY 14202-2465  
(716)842-2900 Fax: (716)842-2901



June 3, 2009

Mr. Todd LaFave, Treasurer  
Steelworkers AFL-CIO  
Local 687  
762 State Highway 3  
Harrisville, NY 13648-3220

LM File Number: 058-909

Case Number: [REDACTED]

Dear Mr. LaFave:

This office has recently completed an audit of Steelworkers Local 687 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, President Ronnie Swem, Secretary Michael Mandigo and Chief Steward John Fuller on June 1, 2009, 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 687's 2007 and 2008 records revealed the following recordkeeping violations:

1. Lost Wages

Local 687 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$136.40. 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 Local 687 officers did not identify the date lost wages were incurred, the rate of pay, or a description of the union business being conducted on some lost wage vouchers.

The standard Steelworkers lost time voucher was used as an example Local 687 may use to satisfy this requirement. That voucher was used on several occasions by the local and it identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Failure to Record Receipts

Local 687 did not record in its 2007 receipts records a bank deposit totaling \$114.00. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Receipt Dates not Recorded

Some entries in Local 687's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 687 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 687 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 687 did not include some reimbursements to officers totaling at least \$2,334 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 687 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.

2. Other Receipts

The audit revealed that Local 687 did not include a \$3,168 refund from the Steelworkers international in the amounts reported in Item 43 (Other Receipts). It appears that the union erroneously reported this payment in Item 39 (Per Capita Tax).

3. Information Entry

Local 687 did not properly enter information in Item 24 (All Officers and Disbursements to Officers) on its LM report. The LM-3 instructions state that for items displaying separate boxes, only one letter or number should be entered in each box so the information can be accurately scanned. The audit found that more than one letter was typed in some of the boxes on the union's 2007 report.

4. 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 687 amended its constitution and bylaws in 1991, but did not file a copy with its LM report for that year.

Local 687 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 687 file an amended LM report for 2007 to correct the deficient items, but Local 687 has agreed to properly report the deficient items on all future reports it files with OLMS, including the 2008 report which has yet to be filed.

Other Violation

The audit disclosed the following other violation:

Delinquent Report

Local 687 did not file its LM-3 report for fiscal year ending December 31, 2008 as required by the LMRDA. The law requires the President and Treasurer or corresponding principal officers of each labor organization to file an annual financial report with this agency within 90 days after the close of each reporting year. Local 687's

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delinquent LM-3 report should be submitted to this office at the above address as soon as possible, but not later than June 15, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Steelworkers Local 687 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: Ronnie Swem, President  
Harold Simmons, Vice President  
Michael Mandigo, Secretary  
Donna Besaw, Tax Consultant