

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Boston District Office  
Room E365  
JFK Federal Building  
Boston, MA 02203  
(617) 624-6690 Fax:(617) 624-6606



July 28,2008

Mr. Mualis Passi, President  
United Steelworkers Local 916  
336 Washington St.  
Taunton, MA 02780

LM File Number: 017-801

Case Number: [REDACTED]

Dear Mr. Passi:

This office has recently completed an audit of United Steelworkers Local 916 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 Local 916's Treasurer Savun Sim on July 25,2008, 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 United Steelworkers Local 916's 2007 records revealed the following recordkeeping violations:

1. Expenses (General and Reimbursed)

Local 916 did not retain adequate documentation to identify the union purpose for expenses incurred by Treasurer Sim totaling \$89.44. The local did not have receipts for the \$240 paid to the VFW to rent the hall in 2007 for membership meetings.

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. Lost Wages

Local 916 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$606.56. 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 916 identified on a union document the name of the officers and employee receiving the lost time, the purpose, and the number of hours, but not the date the lost time occurred or the hourly rate of pay for each individual.

During the exit interview, I provided a sample of an expense voucher Local 916 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 916 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reportina 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 LM-3 filed by Local 916 for fiscal year ending December 31, 2007, was deficient in the following areas:

#### 1. Disbursements To Officers

Local 916 did not include some reimbursements to officers totaling at least \$606.56 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense). The local also erroneously reported lost time paid to some officers in Item 24 E (Allowances) rather than 24 D (Gross Salary). The local reported lost time and per diem paid to an employee in Items 24 (Disbursements to Officers) and Item 48 (Office and Administrative Expense) instead of Item 46 (To Employees).

The union must report most direct disbursements to Local 916 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 916 improperly included the value of a certificate of deposit as an investment 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.

3. Cash Receipts

Local 916 failed to report the CD interest totaling \$525.41 in Item 41 (Interest & Dividends). It appears to have been reported in Item 28 B (End of Reporting Period Investments).

4. Cash Disbursements

Local 916 appears to have erroneously reported disbursements totaling \$4,799.94 in Item 48 (Office and Administrative Expense). The disbursements should have been reported in Item 24 (Disbursements to Officers), Item 51 (Contribution, Gifts, and Grants), and Item 54 (Other Disbursements).

United Steelworkers Local 916 must file an amended Form LM-3 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. I provided the local's treasurer with a blank form and instructions, and advised that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended LM-3 should be submitted to this office at the above address as soon as possible, but not later than August 11, 2008. 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 United Steelworkers Local 916 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,

Mark Letizi  
District Director

cc: Mr. Savun Sam Sim, Treasurer