

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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May 12, 2009

Mr. Mark Noggle, Treasurer
United Steelworkers
Local S-1313
299 Leader Street
Marion, OH 43302

LM File Number 068-269
Case Number: [REDACTED]

Dear Mr. Noggle:

This office has recently completed an audit of United Steelworkers Local S-1313 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 and President Wesley Powell on December 12, 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 S-1313's 2007 records revealed the following recordkeeping violations:

1. Inadequate Documentation

The review found at least five checks payable to various vendors which lacked supporting documentation. For example, check # [REDACTED] dated January 5, 2007 in the amount of \$300.00 was payable to Wesley Powell. The purpose noted on the check stub was for the "Good Year strike." Check # [REDACTED] dated April 28, 2007 in the amount of \$384.14 and payable to Mark Noggle had no explanation for the payment on the check stub. No supporting documentation for either payment was retained in union records.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lost Wages

Local S-1313 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$3,930.22. 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 S-1313 did not maintain any supporting documentation for the lost time claims paid.

3. Meeting Minutes

All expenditures, other than regular month-to-month expenditures, are to be approved by the membership. Minutes were maintained for only 5 of the 12 monthly membership meetings and none of the Executive Board meetings. Minutes of all membership or executive board meetings must include any disbursement authorizations made at those meetings.

4. Receipts

Local S-1313 failed to maintain any records from a 50/50 raffle conducted to raise money for a Christmas party. In addition, checks were written to members for the purchase of supplies for the local's party, but no receipts for the purchases were maintained in union records. No record was maintained of the amount of money raised. Furthermore, the local failed to maintain records of various cash deposits. Union receipt records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source.

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 S-1313 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local S-1313 did not include reimbursements to officers totaling at least \$1,385.76 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). For example, check # [REDACTED] dated February 2, 2007 was issued to Wesley Powell in the amount of \$213.46. This payment was not included on the LM report, and the records of Local S-

1313 did not contain an explanation for this payment or documentation such as receipts to support it.

Local S-1313 did not report the names of some officers and the total amount of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). For example, Jay Morgan took over as recording secretary mid-way through the year, but he was not listed on the LM report. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local S-1313 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. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. Specifically, the ending cash figure according to the 2007 LM report was \$27,168 more than the ending cash figure on the December bank statement. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local S-1313 has filed an amended Form LM-3 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. No further action is required at this time.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local S-1313's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of

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the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

I want to extend my personal appreciation to United Steelworkers Local S-1313 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: Wesley Powell, President