U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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January 5, 2007

Mr. Billy Mark Cochran, President LU 9-675
Steel Workers
Local 9-675
PO Box 574
Guin, AL 35563

Re: Case Number: [redacted]

Dear Mr. Cochran:

This office has recently completed an audit of United Steel Workers LU 9-675 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 Randall Sanderson on December 6, 2006, 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. The CAP 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 account balances, can be verified, explained, or 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 maintained for all accounts.

The audit of Local 9-675's 2005 records revealed the following recordkeeping violations:

1. The W-2s for FYE 12-31-2005 were not in the union records and had to be obtained from the union's contracted financial tax preparer. The tax preparer stated it was an oversight on his part and he forgot to give LU9-675 a copy of the W-2s. The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 9-675's LM report. As a general rule, all records used or received in the course of union business must be retained for five years.

2. No receipts could be located for check #1283, issued 6-16-05 in amount of $695.02 to the Wyndam Palace and Resort (Orlando, FL) and check [redacted] issued 6-16-05 in amount of $179.40 to VISA-[redacted] for a plane ticket to Orlando, FL. These two transactions were for President Mark Cochran to travel for the District 9 Council meeting. In the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers is required, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received.

As agreed, provided that Local 9-675 maintain adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP disclosed a violation of LMRDA section 201(b) because the Form LM-3 Labor Organization Annual Report (LM-3) for FYE ending 12-31-2005 was deficient in the following areas:

Line 52 of the 2005 LM-3 states $3292 was spent on investments or fixed assets yet lines 28B and 29B of the 2005 LM-3 do not show the increase. This amount was subsequently determined to be the total amount of the union's mortgage payment for 2005 on their Union Hall property. The union was not sure how to account for the disbursement and assumed Line 52 of the LM-3 was the most logical location to annotate the amount. It was explained to LU 9-675 the proper place to annotate rent and/or mortgage

payments was line 48 of the LM-3. LU 9-675 advised this mistake would not occur again since they received proper training.

Item 13 of the LM-3 report (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 24 bereavement bibles totaling $694.80 since November 12, 2004. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. In addition, for assets that were traded in, the cost, book value, and trade-in allowance must be reported.

In addition, the union must retain records that adequately account for all property purchased, sold, and given away. A notation in the monthly minutes of the gift would be acceptable.

I am not requiring that Local 9-675 file an amended LM report for 2005 to correct the deficient items, but as agreed, Local 9-675 will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation to United Steel Workers LU 9-675 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: Randall Sanderson, Financial Secretary