



September 24, 2010

John Dehan, Financial Secretary
USW Local 912
2225 Consaul Street
Toledo, OH 43605

Case Number: [REDACTED]
LM Number: 071283

Dear Mr. Dehan:

This office has recently completed an audit of USW Local 912 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 John Brown on September 22, 2010, 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 912's 2009 records revealed the following recordkeeping violations:

1. General Receipts and Disbursement Records

USW Local 912 was missing receipts and invoices for some of its receipts and disbursements. For example, the records for the local's purchase of \$6,306.79 worth of

T-shirts for Labor Day 2009 contained the payment to the vendor, but did not contain the invoices for the purchase of the items for which the disbursement was made. The union must maintain itemized receipts and/or invoices provided by merchants and vendors. 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.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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. 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. Acquire/Dispose of Property

Local 912 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. 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.

Based on your assurance that Local 912 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 912 for fiscal year ending December 31, 2009, was deficient in the following areas:

1. Officers Salary Deductions Not Entered

The payroll deductions of approximately \$14,559 taken from the officers of Local 912 are not reported on Item 24, Line 10. Instead, the full amount of the officers' salary, including deductions, is reported on both Item 24, Line 11, and on Item 45. The payroll deductions from the officers should be reported under Item 24, Line 10.

2. Per Capita Payments

Local 912 erroneously listed per capita payments under Item 39, Per Capita Tax, as a receipt. The figure of \$4,274 under Item 39 should be deleted. The local did properly report the same figure of \$4,274 as a disbursement under Item 47, Per Capita Tax, and this figure should be retained on the LM-3 report.

3. Mortgage Payments Miscategorized as Purchase of Investments & Fixed Assets

Local 912 listed its mortgage payments of \$14,596 made on the mortgage for its union hall during the fiscal year under Item 52, Purchase of Investments & Fixed Assets. Mortgage payments are not considered as the purchase of fixed assets, and they should be placed under Item 48, Office & Administrative Expense.

4. Miscategorization of Expenses Under Office & Administrative Expense

The local miscategorized various expenses by placing them under Item 48, Office & Administrative Expense, rather than under Item 54, Other Disbursements. For example, the local purchased items for both a steak fry and a fish fry during the audit year, along with purchases related to the Hungarian Festival. These disbursements should be properly placed under Item 54, Other Disbursements, rather than under Item 48. The local's LM-3 report for the fiscal year had no entry under Item 54, Other Disbursements.

5. 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 912 became governed by the USW International Constitution and Local Union Bylaws after the merger of the Paper, Allied-Industrial, Chemical and Energy Workers Union (PACE) with the United Steelworkers Union, but the local has never filed a copy with any LM report since the occurrence of the merger.

Local 912 has now filed a copy of the 2005 USW International Constitution and the 2006 USW By-laws for Local Unions with OLMS.

Local 912 must file an amended Form LM-3 for its fiscal year ending December 31, 2009, to correct the deficient items discussed above. I provided you with blank forms and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.dol.gov/olms). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 15, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

During the audit, it was noted that Local 912 does not place any information on the memo line of union checks that denotes the purpose of the checks, choosing instead to maintain this information on the voucher attached to each check stub. It is recommended that this information be recorded on each check as well as on the voucher to assist in easier identification of the check's purpose.

It was also noted that Local 912 occasionally rents out its union hall for events. The local should issue receipts to the renters of the hall, and retain copies of these receipts in its records.

I want to extend my personal appreciation to USW Local 912 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,



Senior Investigator

cc: John Brown, USW Local 912 President