



February 11, 2011

Mr. Rick Waddell, President  
USW LU 1-55  
80 Wyndemier Drive  
Franklin, OH 45005

Case Number: |||  
LM Number: 021772

Dear Mr. Waddell:

This office has recently completed an audit of USW LU 1-55 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 Financial Secretary Kevin Wallace on January 25, 2011, 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 USW LU 1-55's 2009 records revealed the following recordkeeping violations:

1. Lost Wages

The audit disclosed three lost wage payments to you and Chief Steward Randy Estep in 2009 and 2010, in which the dates listed on the union's lost wage vouchers did not correspond with the dates lost time was taken per the employer's records.

You have agreed that in the future, union vouchers will accurately reflect the date and the time lost wages are actually incurred. Further, you are now aware of the United Steelworkers International Union lost wage payment policy and will ensure lost wages are only paid when wages are actually lost.

The audit also disclosed that in 2009 Chief Steward Estep mistakenly clocked in at the plant prior to attending a day-long union meeting. Since Mr. Estep did not lose any wages, he has agreed to reimburse the union \$152.30. The reimbursement will be made by deducting the amount from Mr. Estep's 2011 first quarter chief steward salary payment. No further action is warranted.

2. Receipt Dates not Recorded

Entries in USW LU 1-55's general ledger 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 Form LM-3. The Form 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.

3. Lack of Salary Authorization

USW LU 1-55 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the Form LM-3 were the authorized amount and, therefore, were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that USW LU 1-55 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 USW LU 1-55 for the fiscal year ended December 31, 2009, was deficient in the following area:

1. Disbursements to Officers

USW LU 1-55 did not include some reimbursements to officers totaling at least \$110 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to USW LU 1-55 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).

I am not requiring that USW LU 1-55 file an amended LM report for 2009 to correct the deficient items, but USW LU 1-55 has agreed to properly report the deficient items on all future reports it files with OLMS.

The audit disclosed a violation of LMRDA Section 201(b) which requires labor organizations to file financial reports annually with the Department of Labor.

2. Delinquent Filing

USW LU 1-55's Labor Organization Annual Report, Form LM-3, for the period ending December 31, 2009 was due March 31, 2010 or 90 days after the end of your organization's fiscal year. The report was received by the Department of Labor on May 17, 2010. USW LU 1-55's reports for 2000, 2001, 2002, 2004, and 2006 were also filed after their due dates.

USW LU 1-55 has agreed to file future reports on time with the Department of Labor.

I want to extend my personal appreciation to USW LU 1-55 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,

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Investigator

cc: Mr. Kevin Wallace, Financial Secretary