



September 24, 2014

Mr. Kyle Hall, Treasurer
USW Local 1-763
7661 State Route 20A
Perry, NY 14530

Case Number: 110-1209296 ()
LM Number: 062407

Dear Mr. Hall:

This office has recently completed an audit of USW Local 763 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 on July 25, 2014, 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 Violation

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 763's 2013 records revealed the following recordkeeping violation:

General Expenses

Local 763 did not retain adequate documentation for general expenses incurred by union officers totaling at least \$2,495. For example, Local 763 purchases and/or renews Sam's Club annual memberships as gifts for its union members, however receipts were not maintained. During the

conduct of this compliance audit Local 763 made attempts to obtain sufficient supporting documentation for the Sam's Club disbursements with limited results. Some documentation was provided by Sam's Club however, all original receipts were not available.

As 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.

Reporting Violation

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 763 for the fiscal year ended December 31, 2013, was deficient in that:

Disbursements to Officers

Local 763 did not include some reimbursements to officers totaling at least \$1,386 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 763 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 Local 763 file an amended LM report for 2013 to correct the deficient items, but Local 763 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

As I discussed during the exit interview with Kyle Hall, the audit revealed that Local 763 paid the registration fee for two guests at \$100 each to attend the USW District 4 Education Conference in August 2013. This registration fee was for guests of officers in attendance and was not an approved expense. You agreed repayment is required by the officers therefore, please provide proof of payment by such officers to this office no later than October 17, 2014.

I want to extend my personal appreciation to USW Local 763 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: Mr. Kurt Uhl, Financial Secretary
Mr. Paul Malus, President