



November 12, 2010

Mr. Carl Fiorito, President  
USW LU 1-1838  
4924 Myrtle Avenue  
Blue Ash, OH 45242

Case Number: |||  
LM Number: 069811

Dear Mr. Fiorito:

This office has recently completed an audit of USW LU 1-1838 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 Treasurer Tony Kirby on November 12, 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 1-1838's 2008 and 2009 records revealed the following recordkeeping violations:

1. General Expenses

Local 1-1838 did not retain adequate documentation for union expenses totaling at least \$2,000. For example, per capita fees and flowers purchased for funerals were lacking documentation to verify the date, amount, payee, and purpose of the disbursements.

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.

2. Receipt Documentation

Local 1-1838 did not retain documentation for receipts received totaling at least \$5,950 for the audit period of January 1, 2008 to December 31, 2009. These receipts included payments for checkoff dues collected by the union's employer and initiation fees received from new members.

Labor organizations must retain at least one record showing the date, amount, purpose, and source of money received. 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.

3. Receipt Dates not Recorded

Entries in Local 1-1838'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 Item 16 (Total Receipts of the Union During the Reporting Period) of the LM-4. The LM-4 instructions for Item 16 state that the labor organization must record receipts when it actually receives 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.

4. Lack of Salary Authorization

Local 1-1838 did not maintain records to verify that the salaries reported in Item 18 (Total Payments of Officers and Employees) of the LM-4 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 Local 1-1838 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-4) filed by Local 1-1838 for the fiscal year ended December 31, 2008 and fiscal year ended December 31, 2009, was deficient in the following areas:

1. Disbursements to Officers

Local 1-1838 did not include some reimbursements to officers totaling at least \$1,500 in the amounts reported in Item 18 (Total Payments to Officers and Employees) of the LM-4 for the FYE 12/31/09, and totaling at least \$1,600 in the amounts reported in Item 18 of the LM-4 for the FYE 12/31/08. The instructions for Item 18 of the LM-4 state that all payments to officers, including gross salaries; lost time pay; monthly, weekly, or daily allowances; and disbursements for conducting official union business of the organization as well as disbursements which were essentially for the personal benefit of the officer must be report in Item 18.

2. Assets Reported

Local 1-1838 did not report the accurate amount of assets held by the union at the end of the reporting period in Item 14 (Total Value of Organization's Assets) of the LM-4 filed for FYE 12/31/09. The instructions for Item 14 of the LM-4 state that the total value of the labor organization's assets at the end of the reporting period should be entered including, for example, cash on hand in banks, property, loans owed to the labor organization, investments, office furniture, automobiles, and anything else owned by the labor organization.

3. Delinquent Filing

USW Local 1-1838's Labor Organization Annual Report Form LM-4 for the period ended December 31, 2008 was due March 31, 2009 or 90 days after the end of the organization's fiscal year. The report was received by the Department of Labor on April 20, 2009. The union did not have any other reports filed after the due date.

Local 1-1838 must file an amended Form LM-4 for the fiscal year ended December 31, 2009, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-4 should be submitted to this office at the above address as soon as possible, but not later than December 3, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to USW LU 1-1838 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. Tony Kirby, Treasurer