

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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April 13, 2009

Mr. Scott Smrz, President
Steelworkers AFL-CIO Local 187
2221 West Breezewood Ct
Plover, WI 54467

LM File Number: 028-090
Case Number: [REDACTED]

Dear Mr. Smrz:

This office has recently completed an audit of Steelworkers Local 187 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 Financial Secretary-Treasurer Sandra Hurd, Recording Secretary Bradley Hamilton, and you on March 31, 2009, 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 187's 2007 records revealed the following recordkeeping violations:

1. Failure to Record the Source of Receipts and Receipt Dates

Local 187 did not record in its receipts records the date or the source for receipts collected from members for shirts and other receipts. For example, the date and the sources of a \$302.25 deposit from five individuals was not recorded in Local 187's receipts journal.

In addition, entries in Local 187's receipts journal reflect the date the union deposited money, but not the date money was received. 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 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 on the LM-3 for a different year than the year it actually received them.

2. Disbursements to Vendors and Reimbursements to Officers

Local 187 did not retain adequate documentation for disbursements to vendors and reimbursed expenses incurred by former President [REDACTED] and you totaling at least \$1,146. For example, supporting documentation was not retained for a \$490.63 disbursement to the Joint Group on January 17, 2007 for a reimbursement for the Washington trip. Supporting documentation was not retained for \$465.20 reimbursement to you for airfare to Virginia for a conference.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principle officers) of your union, who are required to sign your union's Labor Organization Annual Report (Form LM-3), are responsible for properly maintaining union records.

3. Lost Wages

Local 187 did not retain adequate documentation for lost wage reimbursement payments to officers totaling at least \$849. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The audit found that Local 187 did not identify on the lost wage vouchers the date that lost wages were incurred.

Based on your assurance that Local 187 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 187 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

The audit revealed that Local 187 issued checks for reimbursed expenses to officers totaling at least \$5,550 during the audit year, but reported no reimbursed expenses in Item 24 (All Officers and Disbursements to Officers). During the exit interview, Financial Secretary-Treasurer Hurd stated that reimbursements to officers were erroneously reported in Item 48 (Office and Administrative Expenses).

Most direct disbursements to Local 187 officers and some indirect disbursements made on behalf of its officers must be reported 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).

2. 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 187 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 187 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 187 file an amended LM report for 2007 to correct the deficient items, but Local 187 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers Local 187 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: Sandra Hurd, financial secretary-treasurer
Bradley Hamilton, recording secretary
Mart Abbott, trustee
Mark Burant, trustee