

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Detroit District Office
211 West Fort Street
Room 1313
Detroit, MI 48226
(313)226-6200 Fax: (313)226-4391



September 2, 2008

Allan Yoder, Financial Secretary
Steelworkers AFL-CIO
Local 6-1033
641 South Grant Avenue
Three Rivers, MI 49093-2050

LM File Number - 011-831
Case Number: [REDACTED]

Dear Mr. Yoder:

This office has recently completed an audit of USW/PACE Local 6-1033 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 Dale Ritchie on August 29, 2008, 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.

The CAP disclosed the following:

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 6-1033's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 6-1033 did not retain adequate documentation for reimbursed expenses incurred by President Dale Ritchie and Financial Secretary Allan Yoder. For example, there are no vouchers or supporting documentation for check #'s [REDACTED], [REDACTED], and [REDACTED], [REDACTED], [REDACTED], and [REDACTED], which total \$958.69. Also, according to information on the voucher for check # [REDACTED], the union reimbursed \$835.72 for lodging, mileage and per diem expenses to Yoder; however the supporting documents did not contain a hotel bill.

During the exit interview the union provided adequate documentation for check number [REDACTED], [REDACTED], and [REDACTED]. The union officers have attended USW training which provided them with guidance on recordkeeping and reporting union business and have implemented several recommendations made by OLMS to better maintain union records.

As previously 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. Meal Expenses

Local 6-1033 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. None of the records provide this information. For example, documents maintained by the union show that check # [REDACTED] was written to reimburse President Dale Ritchie for six lunches on April 27, 2006 with a USW representative, but there is no documentation stating which USW representative and which Local 6-1033 officers/members attended this lunch or the business discussed. Also, the voucher for check # [REDACTED] shows that Ritchie was reimbursed \$61.27 for meals at an executive board meeting.

Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

The president stated that the union now has each meal attendee sign the back of the meal receipt. Additionally, the president references the date of the meeting minutes recorded by the recording secretary notes on the receipt. This provides a record of the union business discussed at each meal.

3. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support mileage payments to them totaling at least \$265.00 during 2006.

The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

The union now "Googles" the distance between the locations to which they travel and are reimbursed mileage. Each reimbursement is supported by Google printouts.

4. Lost Wages

Local 6-1033 did not retain adequate documentation for lost wage reimbursement payments to President Dale Ritchie using check # [REDACTED] and totaling at least \$480.13.

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 union has implemented an earlier OLMS recommendation to provide the employer with a document stating which officer's/employees will be losing time and on which date. A copy of each document sent to the company is maintained by the union. At the exit interview meeting, it was also recommended that each lost time claimant provide documentation of the specific times of day lost by them.

5. Lack of Salary Authorization

Local 6-1033 did not maintain records to verify that the stipends reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and, therefore, correctly reported.

The union must keep a record, such as meeting minutes, to show the current stipends authorized by the entity or individual in the union with the authority to establish stipends.

The union is currently in the process of updating their bylaws and is incorporating a provision to allow for annual adjustments to salary payments.

Based on your assurance that Local 6-1033 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 6-1033 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13, "During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?" should have been answered, "Yes," because the union gave away t-shirts totaling more than \$1600.00 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

2. Receipts and Disbursements

The total receipts reported in Statement B, Item 44 (Total Receipts) and the total disbursements reported in Statement B, Item 55 (Total Disbursements) do not match the total figures in the union's records. The local must accurately report total receipts and total disbursements on its LM-3 report.

I am not requiring that Local 6-1033 file an amended LM report for 2006 to correct the deficient items, but Local 6-1033 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to USW/PACE Local 6-1033 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: Dale Ritchie, President