

**U.S. Department of Labor**

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November 19, 2009

Mr. Thomas Babusik, Treasurer  
Steelworkers AFL-CIO  
Local 10-448  
406 Welsh Street  
Chester, PA 19013

LM File Number 065-696  
Case Number: [REDACTED]

Dear Mr. Babusik:

This office has recently completed an audit of USW Local 10-448 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 November 18, 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 10-448's 2008 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 10-448 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by President William Smith, Treasurer Thomas Babusik, and Vice President Ronald Chandler totaling at least \$1,037.10. For example, no receipt was maintained for a July 1, 2008 purchase at Outback Steakhouse totaling \$109.25.

Remember that the union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. 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.

As previously noted above, in addition to meal receipts, labor organizations must retain original receipts, bills, and vouchers for all other 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. Lost Wages

Local 10-448 did not retain adequate documentation for lost wage reimbursement payments to union officers. 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 OLMS audit found that in approximately 20 instances Local 10-448 officers did not identify on the lost wage vouchers the dates and an adequate description of the specific union business conducted. The local utilizes an expense voucher that satisfies this recordkeeping requirement; however, in the future, the vouchers should be filled out completely.

3. Lack of Salary Authorization

Local 10-448 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 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.

As agreed, please have the officers and employees' salaries authorized by the membership at your local's next membership meeting and forward a copy of the meeting minutes to my attention as soon as possible but not later than December 1, 2009.

Based on your assurance that Local 10-448 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-2 filed by Local 10-448 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 10-448 did not include some payments to officers and employees in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local did not report at least two lost time checks totaling \$325.69 to President

William Smith and one lost time check totaling \$197.12 to Treasurer Thomas Babusik in Schedule 11, Column D.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

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 10-448 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

During the course of the audit, you provided a current copy of your local's bylaws.

I am not requiring that Local 10-448 file an amended LM report for 2008 to correct the deficient items, but Local 10-448 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 Local 10-448 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,

Mr. Thomas Babusik  
November 19, 2009  
Page 5 of 5

  
Investigator

cc: President William Smith