

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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November 2, 2009

Mr. John Pfeifer, Financial Secretary
Steelworkers AFL-CIO
Local 256 L
127 Divot Ln
Beaver Falls, PA 15010

LM File Number 042-161
Case Number: [REDACTED]

Dear Mr. Pfeifer:

This office has recently completed an audit of Steelworkers Local 256 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 Thomas Householder on October 30, 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 256's 2008 records revealed the following recordkeeping violations:

1. Dues Check-off Reports

The local failed to maintain all dues check-off reports received from the employer. Dues check-off reports are required to be maintained in order to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3.

2. General Reimbursed Expenses

Local 256 did not retain adequate documentation for reimbursed expenses incurred by union officers. For example, Financial Secretary John Pfeifer lost meal receipts from Red Robin and Bob Evans totaling \$171.26. President Bruce Montagazzi failed to maintain his hotel receipt from Bally's Hotel, Las Vegas, totaling \$579.24.

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.

3. Meal Expenses

Local 256 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, Financial Secretary John Pfeifer was reimbursed for meal expenses on March 20, 2008, but failed to note the attendees present at the meal. 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.

Based on your assurance that Local 256 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 256 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 256 did not include some reimbursements to officers totaling at least \$6,405 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 256 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).

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 256 amended its

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

Local 256 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 256 file an amended LM report for 2008 to correct the deficient items, but Local 256 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 256 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: Bruce Montagazzi, President
William Barido, Auditor Local Union Services Department