



May 28, 2010

Mr. Ronnie Teague, President
United Steelworkers of America
Local 7893
5500 S. 28th Street
Ft. Smith, AR 72901

Case Number: [REDACTED]
LM Number: 068-880

Dear Mr. Teague:

This office has recently completed an audit of United Steelworkers of America Local 7893 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, Angrum Bradshaw, Treasurer and Bea Benne, Office Manager/Office Secretary on April 27, 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 Violation

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 7893's records revealed the following recordkeeping violation:

Outstanding Checks at the end of the Audit Period

Local 7893 failed to maintain information concerning its outstanding checks for the end of the audit period totaling \$1,934.42 which prevented OLMS from verifying the accuracy, details, and purpose for each check. However, the total amount for the outstanding checks was listed on the local's quarterly audit report. The union officials informed OLMS that the local writes its own checks using a computer software program and that the checks automatically dropout of the local's computer system over a period of time if the local failed to save them.

Based on your assurance that Local 7893 will retain adequate records and documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 (LM-3) filed by Local 7893 for the fiscal year ended December 31, 2008 was deficient in that or deficient in the following areas:

1. Cash at the Start of the Reporting Period

Local 7893 failed to include cash from its two saving accounts totaling \$17,907 in Item 25 (Cash Start of the Reporting Period) of its LM Report for the audit period. The instructions for Item 25 state that all cash on deposit including savings accounts must be included.

2. Other Receipts

Local 7893 mistakenly reported electronic transfers totaling \$12,000 as other receipts in Item 43 of its LM Report for the audit period. The instructions for Statement B Receipts and Disbursements state that transfers between accounts do not represent the cash flow in and out and should not be included in receipts or disbursements.

3. Disbursements to Officers

Local 7893 mistakenly reported salary payments and reimbursements to its office manager/office secretary in Item 24 All Officers and Disbursements to Officers. The instructions for Item 46 Disbursements to Employees state that all salaries and disbursements (including reimbursements) to employees must be included.

4. Purchase of Investments & Fixed Assets

Local 7893 mistakenly reported \$21,000 in Item 52 (Purchase of Investments & Fixed Assets) on its LM Report for the audit period. During the opening interview, you revealed

the local did not make any purchases of investments or fixed assets. The \$21,000 was for various miscellaneous items that were incorrectly reported, including flowers, bibles, insurance, property taxes etc.

Local 7893 must file an amended Form LM-3 for the fiscal year ended December 31, 2008, 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). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than June 14, 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 United Steelworkers of America Local 7893 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