



June 26, 2012

Mr. Denny Nelson, President  
United Steelworkers of America  
Local 11-795

Case Number: [REDACTED]  
LM Number: 024630

Dear Mr. Nelson:

This office has recently completed an audit of United Steelworkers Local 11-795 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 Treasurer Lance Mabbitt on June 7, 2012, 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 11-795's 2011 records revealed the following recordkeeping violation:

1. General Reimbursed and Credit Card Expenses

Local 11-795 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$2,690.63. For example, the local failed to retain documentation to verify purchases of airline tickets and union labeled merchandise during the audit period.

As 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. Information not Recorded in Meeting Minutes

During the audit, Mr. Nelson advised OLMS that the membership authorized bereavement donations made on behalf of a deceased member or immediate family member of a member. During the audit period, the union approved several donations on behalf of deceased members or a member's family member during the union's monthly membership meetings. Article V, Section 5(c) of United Steelworkers By-Laws for Local Unions requires authorization of all monies paid out by the local union be authorized by the membership. However, the minutes of the meetings do not contain any reference to those issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 11-795 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 11-795 for the fiscal year ended December 31, 2011, was deficient in that:

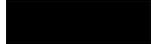
Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

During the audit, Local 11-795 provided an amended Form LM-3 for the fiscal year ended December 31, 2011, correcting the deficient items discussed above. Local 11-795 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to United Steelworkers Local 11-795 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: Mr. Lance Mabbitt, Treasurer  
Ms. LaDonna Thompson, Financial Secretary