



July 26, 2018

Joseph Sterling, USW International Representative
United Steelworkers Local 1-3610-S
921 12th Street NW, Room #5
Canton, Ohio 44703-1990

Case Number: 350-6012098
LM Number: 013781

Dear Mr. Sterling:

This office has recently completed an audit of United Steelworkers Local 1-3610-S 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 March 19, 2018, 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 1-3610-S's 2016 records revealed the following recordkeeping violation:

1. General Expenses

Local 1-3610-S did not retain adequate documentation for expenses incurred by the union for rent payments to Michael Paynter, Owner of Cake Box Bakery, for union office space and United Steelworkers Local 1123 for hall for membership meetings totaling at least \$6,060. No invoices or receipts for these expenses were maintained.

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.

Based on your assurance that Local 1-3610-S will retain adequate 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 (Form LM-3) filed by Local 1-3610-S for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. 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 1-3610-S amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year.

Local 1-3610-S has now filed a copy of its constitution and bylaws.

2. Annuity

Local 1-3610 reported only the interest received on their annuity account rather than the actual value of the annuity on their LM-3 report. For LM reporting purposes, OLMS considers this annuity to be cash due to its liquidity, and the actual value of the annuity should be reported on Item 25 (Cash) of the LM-3 report.

3. Acquire/Dispose of Property

Line Item 13[LM-3 Report] (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." The local disposed of the t-shirts and calendars by giving them away as door prizes to the members and officers.

4. Disbursements to Officers

Local 1-3610-S did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). On your LM 3 report, three (3) trustees were not listed. The union must report

in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

I am not requiring that Local 1-3610-S file an amended LM report for 2016 to correct the deficient items, but Local 1-3610-S has agreed to properly report the deficient items on all future reports it files with OLMS.

Recommendations

Signatures on Lost Time and Expenses Vouchers

Local 1-3610-S had vouchers missing signatures by the claimant. The voucher indicates that “the member making the claim must sign the voucher.” The signature requirement is an effective internal control of union funds. OLMS recommends that Local 1-3610-S review all vouchers for the claimant’s signature.

I want to extend my personal appreciation to you 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. Terry Holben, Treasurer
Mr. Joe Russo, President