



April 23, 2018

Mr. John Taddio, President
United Steelworkers, AFL-CIO
Local 2693
97 East Fourth Street
Dunkirk, NY 14048

Case Number: 110-6011803
LM Number: 038491

Dear Mr. Taddio:

This office has recently completed an audit of United Steelworkers, AFL-CIO, Local 2693 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, Treasurer Ed Durfey, Recording Secretary Joe Pencek, and Bookkeeper Mary DiMartino on April 6, 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 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 2693's 2016 records revealed the following recordkeeping violation:

Local 2693 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. There was approximately \$567 in meal expenses for 2016 with only "union business" listed on the expense voucher. 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 charge(s). 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 2693 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 2693 for the fiscal year ended December 31, 2016, was deficient in that:

Failure to Report Receipts/Disbursements Accurately

Local 2693 failed to report the gross local refunds of dues from the International in Item 38 (Dues). Amounts were deducted from the total gross refunds owed the local union for payments made on the union's behalf to the NYS AFL-CIO for Per Capita Tax. These are considered receipts and disbursements of the union and should be reported as such on the form.

The LM-3 instructions state for Item 38, report the full dues received by your organization, including any portion that will later be transmitted to an intermediate or parent body as per capita tax. Any payments made on behalf of Local 2693 for Per Capita Tax should be reported in Item 47 (Per Capita Tax).

I am not requiring that Local 2693 file an amended LM report for 2016 to correct the deficient items, but Local 2693 have agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local 2693 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. Edward Durfey, Treasurer
Ms. Mary DiMartino, Bookkeeper