



September 8, 2020

Mr. Dwayne Fetterolf, Financial Secretary
USW Local 3523
1887 Ward Street
Newton Falls, OH 44444-1488

Case Number: 350-6018269 [REDACTED]
LM Number: 016224

Dear Mr. Fetterolf:

This office has recently completed an audit of USW Local 3523 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, President Mark Murray, and USW District 1 Staff Representative [REDACTED] on August 26, 2020, 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 3523's 2019 records revealed the following recordkeeping violations:

1. Per Diem

Local 3523 paid per diem to officers and members while traveling for official union business. Though the authorized daily per diem amount was noted in correspondence from the International USW, Local 3523 vouchers for per diem did not always provide

sufficient detail. For example, a few vouchers simply noted the number of per diem days without any notation as to the dates of the per diem, the location, or the union purpose.

2. Reimbursed Auto Expenses

A couple union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$200.00 during 2019. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Hotel Receipts

Local 3523 failed to maintain hotel receipts on two occasions totaling at least \$680.00. Receipts were not maintained for a hotel in Cambridge, Ohio in June 2019 or the Holiday Inn in September 2019.

4. Officer Salary

Local 3523 did maintain documentation authorizing officer salary amounts; however, vouchers submitted for salary payments for some officers did not include the month(s) of the salary being paid. For example, some vouchers submitted noted the purpose as two months' salary, but did not note which months.

5. Golf Outing

Local 3523 held a golf outing in 2019 to which they sold tickets and paid out prize money. Local 3523 did not maintain adequate documentation to document the source of the funds collected. With respect to the sale of tickets, records must be maintained, at a minimum, that explain the number of tickets sold, the price of each ticket, and the amount of money collected.

Based on your assurance that Local 3523 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 3523 for the fiscal year ended December 31, 2019, was deficient in that:

Golf Outing

Local 3523 failed to report the total amount of monies collected and the total amount paid out. Rather, it appears that the local collected approximately \$840.00 cash for ticket sales, used the cash collected to pay for supplies for the outing including cash prizes, and deposited the remaining funds. The totals of such amounts should be reported in Items 44 (Other Receipts) and 54 (Other Disbursements), respectively. I suggest that in future outings the union deposit the total amount of proceeds from the outing ticket sales and write checks for the outing expenses and prizes.

I am not requiring that Local 3523 file an amended LM report for 2019 to correct the deficient item, but Local 3523 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to USW Local 3523 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,



Senior Investigator

cc: Mr. Mark Murray, President