

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
1240 East Ninth Street
Room 831
Cleveland, OH 44199
(216)357-5455 Fax: (216)357-5425



October 16, 2007

Mr. Steven Beres, Secretary-Treasurer
State, County and Municipal Employees AFL-CIO
Local 3357
8536 Crow Drive
Macedonia, OH 44056-1900

LM File Number 529-960

Case Number: [REDACTED]

Dear Mr. Beres:

This office has recently completed an audit of AFSCME Local 3357 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 September 10, 2007, 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.

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 3357 for fiscal year ending December 31, 2006, was deficient in the following areas:

Local 3357 did not include over \$23,000 in reimbursements to officers and employees in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

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The union must report most direct disbursements to Local 3357 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

Under the receipts section Item 38 (Dues) and under the disbursements section Item 47 (Per Capita Tax) is not reported correctly. According to the information you provided in the opening interview, the dues for Local 3357 are withheld from the salary of the employees by the employer and paid directly to AFSCME Council 66. The Council then pays a portion of the dues to the national office of AFSCME, retains a portion at the Council, and pays the remainder directly to Local 3357 via direct deposit. In the receipts section of the LM-3, item 38 (Dues) should include the total dues paid to the national office of AFSCME by Council 66 on behalf of Local 3357 and the portion retained by Local 3357. In the disbursements section of the LM-3, item 47 (Per Capita Tax) should be the amount of dues paid to the national office of AFSCME. (Refer to the LM-3 instructions for item 38 for more information.)

Local 3357 must file an amended Form LM-3 for fiscal year ending December 31, 2006, 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 November 5, 2007. 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 AFSCME Local 3357 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

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passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Paul Colavecchio, President