

U.S. Department of Labor

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August 26, 2008

Mr. Raymond Lang, President
United Steelworkers Local 04-12431
172 Longfellow Street
Providence, RI 02907

LM File Number: 012-647

Case Number: [REDACTED]

Dear Mr. Lang:

This office has recently completed an audit of United Steelworkers Local 12431 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 August 19, 2008, 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 United Steelworkers Local 12431's 2006 records revealed the following recordkeeping violations:

1. General Expenses and Credit Card Expenses

Local 12431 did not retain adequate documentation for expenses incurred by union officers and employees totaling at least \$1,015.85. For example, the local did not have receipts for \$700 paid to the Cranston Portuguese Club to rent their hall in 2006 for membership meetings and did not retain a phone bill for \$96.54 that was billed to an officer's personal credit card.

As previously 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. Lost Wages

Local 12431 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees in at least sixteen instances. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 12431 identified on a union voucher the name of the officers and employee receiving the lost time, the number of hours, the hourly rate of pay for each individual, and the date lost wages were incurred. However, on three vouchers, there was no description of the union business conducted; four vouchers noted only "meeting"; nine noted only "union business."

3. Meal Expenses

Local 12431 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. The local had nine restaurant receipts totaling \$850.97. None of

the receipts noted the name of the individuals partaking in the meal or the union business conducted. 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 charges. 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 12431 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 LM-3 filed by Local 12431 for fiscal year ending December 31, 2006, was deficient in the following area:

Disbursements To Officers

Local 12431 did not include some reimbursements to officers totaling at least \$9,149.31 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these dues reimbursement and meal expense payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 916 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

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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).

I am not requiring that Local 12431 file an amended report for 2006 to correct the deficient items, but Local 12431 has agreed to properly report the deficient items on all future report it files with OLMS.

I want to extend my personal appreciation to United Steelworkers Local 12431 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,

Mark Letizi
District Director

cc: Mr. Gordon Huffman, Financial Secretary