

**U.S. Department of Labor**

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August 21, 2008

Ms. Regina McCoy, Treasurer  
Steelworkers  
Local 8734  
PO Box 752  
Park Hills, MO 63601

LM File Number 511-832  
Case Number: [REDACTED]

Dear Ms. McCoy:

This office has recently completed an audit of Steelworkers Local 8734 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 and Financial Secretary Becky Barton on August 1, 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 Local 8734's 2007 records revealed the following recordkeeping violations:

1. Lost Wages

Local 8734 did not retain adequate documentation for lost wage reimbursement payments to union officers. 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 8734 maintained lost time vouchers for all lost time claims; however, the vouchers did not identify union business conducted.

2. Disposition of Property

Local 8734 did not maintain an inventory of t-shirts it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the date and amount received from each sale of union hats, jackets, t-shirts, and other items.

3. Failure To Retain Adequate Documentation

Adequate documentation was not retained for the 2006 Christmas dinner. The dinner was purchased from Ryan's in Farmington, Missouri. A receipt was retained for a \$1,703.98 check, but not for a check written on the same date for \$730.

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.

Based on your assurance that Local 8734 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 8734 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 8734 did not include some reimbursements to officers totaling at least \$1,300 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union did not report these disbursements in any section of the LM-3 report.

The union must report most direct disbursements to Local 8734 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).

2. Proper Reporting of Rental Receipts

Local 8734 did not correctly report receipts from the rental of the union hall. The audit revealed that during 2007, Local 8734 received \$2,100 for rent. The LM-3 instructions require that the union report receipts from rent in Item 43 (Other Receipts). It appears the local incorrectly reported this amount in Item 41 (Interest and Dividends).

Local 8734 must file an amended Form LM-3 for fiscal year ending December 31, 2007, 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](http://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 September 5, 2008. 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 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: Becky Barton, Financial Secretary  
Paul Evans, President