

U.S. Department of Labor

Employment Standards Administration
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May 7, 2008

Mr. John Snead, Treasurer
United Steelworkers
Local 09-766
P.O. Box 433
Fernandina Beach, FL 32035

Re: Case Number: [REDACTED]

Dear Mr. Snead:

This office has recently completed an audit of Steelworkers Local 09-766 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 April 3, 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.

The CAP disclosed the following violations:

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 09-766's 2006 records revealed the following recordkeeping violations:

Officer and Employee Expenses: General and Reimbursed Expenses

Local 09-766 did not retain adequate documentation for general and reimbursed expenses incurred by union officers and employees totaling at least \$198.29. For example, a check in the amount of \$186.00 was paid to the Florida AFL-CIO for per capita dues; however, the union did not keep a receipt from the payee to support the union-related expense. In addition, a check in the amount of \$12.29 was paid to a union employee for office supplies, but there was no receipt kept as proof that the reimbursed expense was related to union business.

Union records must include written explanations of the union business conducted and the full names and titles of all persons who incur office supply charges or other reimbursed expenses. Also, the records retained must identify the names of the vendors where the officers or employees incurred office supply expenses. These steps are necessary in order to verify that purchased items are being used for union business rather than personal use.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Failure to Maintain Minutes: Information Not Recorded in Meeting Minutes

During the audit, Treasurer John Snead, President Mark Turner, and Secretary James Benton advised OLMS that the membership authorized travel advances at membership meetings. However, the minutes of the meetings do not contain any reference to those travel advances. The audit disclosed that minutes for membership meetings were incomplete and lacked records for eight months of the audit year ending December 31, 2006. In addition, minutes for executive board meetings were not recorded. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Local 09-766 has become aware of the record keeping requirements enforced by Title II of the LMRDA and agreed to maintain minutes for membership and executive board meetings in the future; therefore no additional action will be taken regarding this violation at this time. However, OLMS follow-up may be scheduled to ensure compliance with this requirement.

Based on your assurance that Steelworkers Local 09-766 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above recordkeeping 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 09-766 for fiscal year ending December 31, 2006 was deficient in the following area:

Failure to Meet Reporting Standards: LM-3 Information Items

Numerous information items of the Labor Organization Annual Report (Form LM-3) were not completed with an appropriate entry such as a dollar amount or "0" (zero). Furthermore, Local 09-766 erroneously added the per capita tax portion of check-off dues retained by the International Union in Item 38 (Dues). Since the International Union receives check-off dues on Local 09-766's behalf, the per capita tax portion of dues retained by the International Union must be reported in Item 39 (Per Capita Tax).

Local 09-766 submitted an amended LM-3 report and has now been filed, and therefore, the reporting deficiency was corrected.

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I want to extend my personal appreciation to Steelworkers Local Union 09-766 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: Mark Turner, President