

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Dallas District Office  
525 Griffin Street  
Room 300  
Dallas, TX 75202  
(972)850-2500 Fax: (972)850-2501



November 19, 2008

Mr. Tracy Christian, President  
Steelworkers AFL-CIO  
Local 9452  
2800 Yuma St.  
Fort Smith, AR 72901-8777

Re: Case Number: [REDACTED]

Dear Mr. Christian:

This office has recently completed an audit of Steelworkers Local 9452 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, Delbert Gantt, Jr., Glenn Gillett, and Larry Milliken on October 24, 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 9452's 2007 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 9452 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$273.92. The local did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

2. Lost Wages

Local 9452 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$9,012.87. Article VI, Section 4 of the local's constitution and bylaws states the president shall approve lost time paid by his or her signature appearing on the voucher. However, 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 9452 maintained lost wage vouchers for all lost wage payments, but did not include the date and purpose on every voucher.

3. Failure to Record Receipts

Local 9452 did not record in its receipts records any interest earned on the local's savings account totaling at least \$175.64. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Information not Recorded in Meeting Minutes

During the audit, OLMS was advised that the membership authorized all expenses at the monthly membership meeting and the executive board authorized general bills for the local. However, the minutes of the meetings do not contain any reference to what bills and expenses were paid, how much was paid, to whom they were paid, or if all payments were authorized. The local did not make a distinction between which minutes were for membership or executive board meetings. Minutes of all membership and executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 9452 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 9452 for fiscal year ending December 31, 2007, was deficient in the following areas:

#### 1. Disbursements to Officers

Local 9452 reported all reimbursements and other non-salary payments to officers totaling at least \$1,993.56 in Item 24 D (Gross Salary to officers). All payments to officers other than salary and lost wages must be reported in Item 24 E (Allowances and Other Disbursements).

The union must report most direct disbursements to Local 9452 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. Cash Reconciliation

It appears that the total disbursements figure reported in Item 55 on the Form LM-3 is less than the disbursement totals in the union's books. Due to this error, the figure reported in Item 25 is showing a cash shortage of over \$21,000.

Local 9452 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 November 12, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

### Other Issue

#### Signing Blank Checks

During the audit, you advised that one of the officers names is signed on blank checks. Your union's bylaws require that all checks be signed by three officers. All checks must contain the signature of the president, vice president, financial secretary, or treasurer. The three signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the three signature requirement. OLMS recommends that Local 9452 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Steelworkers Local 9452 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: Larry Milliken, Treasurer