

**U.S. Department of Labor**

Employment Standards Administration  
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September 16, 2008

Mr. Dennis A. Bingham, President  
Steelworkers Local 87  
21 Abbey Avenue  
Dayton, OH 45417

LM File Number: 029-291  
Case Number: [REDACTED]

Dear Mr. Bingham:

This office has recently completed an audit of Steelworkers Local 87 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 Investigator [REDACTED] discussed during the exit interview with you, Vice President Vic Alexander, Recording Secretary Darrell Collins, Financial Secretary Wayne C. Johnson, Treasurer Julian Peasant III, Trustee Earl Shepard, and Bookkeeper Debbie Wiemers on August 27, 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 87's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 87 did not retain adequate documentation for reimbursed expenses incurred by Vice President Alexander, Bookkeeper Wiemers, and you totaling at least \$1,665.87. For example, Vice President Alexander received \$66.87 in reimbursed expenses for the purchase of supplies, but the union did not maintain supporting documentation. Bookkeeper Wiemers received a monthly reimbursement of \$23.90 for her internet usage. The records did not contain any type of documentation to support the monthly reimbursement to Wiemers. You received a travel advance on August 30, 2007 totaling \$1,360.00; however, the travel advance sheet detailing the breakdown of your advance was not retained in the records.

Local 87 retained inadequate documentation for reimbursed expenses incurred by Recording Secretary Collins totaling at least \$114.89. For example on March 2, 2007, Collins received check [REDACTED] as a reimbursement payment for two separate purchases. Collins provided the receipts to the union but the receipts lacked an explanation stating the reasons for the purchases.

As noted above, labor organizations must retain original receipts, bills, and vouchers with a sufficiently descriptive explanation 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. General Records

Local 87 failed to maintain records that support the general course of union business. For example, Local 87 did not retain all payment records and/or lost time and expense reports to support the amount disbursed on payroll checks. Local 87 also failed to retain a copy of its bonding certificate.

In addition to the payroll and lost time and expense reports that Local 87 failed to maintain, the union maintained incomplete travel expense reports and lost time

and expense reports. For example, several travel expense reports submitted for reimbursement did not contain complete totals and dates. Lost time and expense reports did not include corresponding check numbers or dates. Though receipts were maintained, there was no purpose given by the local for purchases made at Sam's Club.

According to Section 206 of the LMRDA, records must be maintained on the matters required to be reported which will provide in sufficient detail the necessary basic information and data from which the documents filed can be verified, explained, and checked for accuracy and completeness.

### 3. Meal Expenses

Local 87 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. For example, in May 2007 check [REDACTED] was made payable to Pizza Hut. The meal receipt did not have a written explanation detailing the purpose for the meal. 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 87 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 violations 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-2 filed by Local 87 for fiscal year ending December 31, 2007, was deficient in the following areas:

#### 1. Disbursements to Employees

Local 87 included payments to employees totaling at least \$5,929.00 in Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these disability payments in Schedule 12 even though the amount was paid to the employee by a third party company, Fort Dearborn Life Insurance Company.

The union must report in Column F of Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incur while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

Since the local has filed an amended LM-2 report, no further action is contemplated at this time.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 87 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 87 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Steelworkers Local 87 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,

Lesta A. Chandler  
District Director

cc: Mr. Darrell Collins, Recording Secretary

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