

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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May 8, 2008

Ms. Lynn Vanas, Financial Secretary
Steelworkers, AFGCIO
Local 2-402
3106 Carmel Avenue SW
Grandville MI 49418

LM File Number 039-536

Case Number: [REDACTED]

Dear Ms. Vanas:

This office has recently completed an audit of Steelworkers Local 2-402 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 President Monte Johnson and you on December 13, 2007, 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 2-402's 2006 records revealed the following recordkeeping violation:

Local 2-402 did not maintain an inventory or record of the members who received the gift certificates purchased by the union and given away at the holiday party in November 2006. Check # [REDACTED], dated November 5, 2006, for \$1,000 was issued and used to purchase various gift cards to be given, through drawings, to members attending the party. Although there ~~was adequate documentation pertaining to the purchase of the cards, you must retain an~~ inventory to verify the members who received the prizes.

Based on your assurance that Local 2-402 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 report must be filed within 90 days after the end of the labor organization's fiscal year (12-month reporting period). The law does not authorize OLMS to grant an extension of time for filing reports. The report, in the matter of United Steelworkers, Local 2-402, is the Labor Organization Annual Report, Form LM-3, which was due within 90 days of the end of your fiscal year. Local 2-402 did not file the LM-3 report for its fiscal year ending December 31, 2006, in a timely manner.

Local 2-402 has now filed the LM-3 for 2006 and no further action will be taken in this matter at this time. Local 2-402 has agreed to file the LM report in a timely manner in the future.

I want to extend my personal appreciation to Steelworkers Local 2-402 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,

[REDACTED]
Investigator

cc: Monte Johnson