

U.S. Department of Labor

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July 28,2008

Ms. Helen C. Mountz, Financial Secretary
Steelworkers AFL-CIO
Local 8031-12
4510 Indiana Street
Golden, CO 80403-1851

LM File Number: 069-960
Case Number: [REDACTED]

Dear Ms. Mountz:

This office has recently completed an audit of Steelworkers Local 8031-12 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 July 9,2008, 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 8031-12's 2007 records revealed the following recordkeeping violations:

1. General Disbursements

Local 8031-12 did not retain adequate documentation for at least five disbursements totaling \$1,937.37. For example, a check was written to International Representative Holloway as a reimbursement for President Tedesco's airfare, but there was no receipt or invoice to document the payment; several checks were made out to hotels, but there was no invoice supporting those payments; a payment was made to employee Mendrick for gas for the lawn mower, but there was no receipt slip; and finally, a check was made out to Lowes, but there was no receipt slip in the records supporting that payment.

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.

2. Meal Expenses

Local 8031-12's 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, meal expenses reimbursed to President Tedesco in September 2007 did not include the required information. 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.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the membership authorized a \$500 donation for the Mel Cohen Memorial Golf tournament, the purchase of a new computer, the purchase of pocket calendars to give to the members, and to pay you for performing both the financial secretary's duties and recording secretary's duties for the months of July, August, and September 2007. Article V, Section

5(c) of Steelworkers by-laws requires that disbursements be authorized by the membership. However, the meeting minutes do not contain any reference to those issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

4. Disposition of Prizes

Local 8031-12 did not maintain records of prizes given away at your Christmas party. The union's record should show what prizes were purchased and who received the prizes.

Based on your assurance that Local 8031-12 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 8031-12 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union received donated items such as luggage and mattresses that were raffled off to members at your Christmas party. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers not Involving Cash

Disbursements to Officers are typically included in Item 24. However, according to the Instructions for Form LM-3, disbursements to officers not involving the payment of some form of cash (cash, check money orders, etc.) should not be reported in Item 24 but must be explained in Item 56 (Additional Information). The prizes won by your officers at your Christmas party are considered disbursements to officers that do not involve the payment of some form of cash and should be explained in Item 56.

3. Missing Zeroes

You must enter a single "0" in the boxes for reporting dollars if your organization has nothing to report.

Local 8031-12 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). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than August 8, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Signatories on Bank Account

During the audit, you learned that U.S. Bank had a former president listed as a signatory on your checking account instead of your current President, Charles Tedesco. You agreed to meet with the bank to update their records.

2. Unsupported Payment

OLMS found that you made a payment of \$383.80 to International Representative Ron Holloway as a reimbursement. Support documentation for this payment only supports a payment of \$361.80. You thought there must be some legitimate reason for the extra \$22 paid to Representative Holloway but could not remember the reason. You agreed to have the membership approve unsupported \$22 that was paid to International Representative Holloway.

Ms. Helen C. Mountz
July 28, 2008
Page 5 of 5

I want to extend my personal appreciation to Steelworkers Local 8031-12 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: Mr. Charles Tedesco, President