

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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April 7, 2009

Mr. Tom Fink, President
Steelworkers Local 370
2533 Prais Street
Stevens Point, WI 54481

LM File Number: 045-019
Case Number: [REDACTED]

Dear Mr. Fink:

This office has recently completed an audit of Steelworkers Local 370 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 Treasurer Paul Stanchik, Financial Secretary James Kozickowski, and Recording Secretary Dennis Czapinski on April 2, 2009, 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 370's 2008 records revealed the following recordkeeping violations:

1. Lost Wages

Local 370 did not retain adequate documentation for lost wage reimbursement payments to officers totaling at least \$2,095. 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 must be maintained. The audit found that Local 370 maintained lost time vouchers, however, the vouchers did not indicate the hours lost on each date.

During the exit interview, I provided a sample of an expense voucher Local 370 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

2. Lack of Salary Authorization

Local 370 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The audit revealed that you received a salary of \$232.59 per month and that all other officers received a salary of \$228.68 per month. During the interview at the beginning of the audit, Treasurer Paul Stanchik indicated that officer salaries are authorized in the local bylaws, however, authorization could not be found. Local 370 must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual with the authority to establish salaries.

Based on your assurance that Local 370 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 370 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 370 did not include some reimbursements to officers totaling at least \$1,582 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office & Administrative Expenses). For example, you received \$778 in reimbursed expenses during 2008; however, only \$260 has been reported in Item 24 of Form LM-3.

Most direct disbursements to Local 370 officers and some indirect disbursements made on behalf of its officers must be reported 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. 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 gave away gift cards totaling at least \$610 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. Every recipient of such giveaways need not be itemized by name. The recipients can be described by broad categories if appropriate such as "members" or "new retirees."

I am not requiring that Local 370 file an amended LM report for 2008 to correct the deficient items, but Local 370 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers Local 370 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: Paul Stanchik, Treasurer
James Koziczowski, Financial Secretary
Dennis Czlapinski, Recording Secretary