

U.S. Department of Labor

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Office of Labor-Management Standards
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April 30, 2009

Mr. Chris Hall, President
Steelworkers AFL-CIO
Local 540
1565 Monmouth, Apt. B
Lancaster, OH 43130-8772

LM File Number 016-901

Case Number: [REDACTED]

Dear Mr. Hall:

This office has recently completed an audit of Steelworkers Local 540 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 February 4, 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.

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 540 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. The value of the union's two certificates of deposit were reported under item 30 (Other Assets), instead of under item 25 (Cash). This caused a cash reconciliation error of over \$11,000. For LM reporting purposes, OLMS considers certificates of

deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

2. Payments to officers were over-reported by approximately \$3,500 (item 45). OLMS calculated the president received \$24,451 and the vice president \$8,188 in total compensation in 2007. The union reported total compensation for these officers to be \$27,162 and \$9,096, respectively (item 24).

I am not requiring that Local 540 file an amended LM report for 2007 to correct the deficient items, but Local 540 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 540 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: Phyllis Starner, Financial Secretary