

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
170 S. Independence Mall West
Room 760
Philadelphia, PA 19106
(215)861-4818 Fax: (215)861-4819



August 26, 2009

Ms. Loretta Fornal, Vice President
Steelworkers AFL-CIO
Local 375
Suite 708 1218 Chestnut Street
Philadelphia, PA 19107

LM File Number 009-364
Case Number: [REDACTED]

Dear Ms. Fornal:

This office has recently completed an audit of Steelworkers Local 375 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 Business Representative Gerald Hasenhauer and you on August 25, 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 Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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 the retention of 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 375's 2006 records revealed the following recordkeeping violation:

1. Officer and Employee Expenses

Local 375 did not retain adequate documentation for reimbursed expenses incurred by Business Representative Gerald W. Hasenauer totaling at least \$426.30. Specifically, a charge of \$426.30 was made by Mr. Hasenauer on December 17, 2007 at Portofino Restaurant located at 1227 Walnut Street, for a trustee dinner. However, there was no detailed information on the receipt identifying the trustees and the purpose for the luncheon.

You assured me that all receipts for expenses incurred while conducting union business will be annotated with detailed information including the reason and union member(s) incurring the expense.

2. Lack of Salary Authorization

Local 375 did not maintain records to verify that the salaries reported in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

You stated that this issue will be addressed at the September 12, 2009 Executive Board and Membership meeting and a written record will be maintained in the union file until such time there is a change in the salary amounts.

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Based on your assurance that Local 375 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Steelworkers Local 375 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: George K. Allen, President