

**U.S. Department of Labor**

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February 24, 2009

Mr. Martin Cheney, Financial Secretary  
Steelworkers AFL-CIO  
Local 8823  
4926 Rogers Road  
Hamburg, NY 14075

LM File Number 512-887  
Case Number: [REDACTED]

Dear Mr. Cheney:

This office has recently completed an audit of USWA Local 8823 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 President David Jahn and you on February 19, 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 8823's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 8823 did not retain adequate documentation for reimbursed expenses incurred by President David Jahn, Vice President Patrick King, Recording Secretary Scott Lavery, Treasurer Wilson, and Trustee Jason Newman totaling at least \$2,120. For example, President Jahn's vouchers for three separate disbursements were missing from the records. Additionally, there was no receipt or invoice attached to the vouchers for four disbursements. The receipt attached to the vouchers for two disbursements were not itemized receipts.

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. Lack of Salary Authorization

Local 8823 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 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.

Based on your assurance that Local 8823 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violation

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 8823 for fiscal year ending December 31, 2008, was deficient in that:

#### Disbursements to Officers

Local 8823 did not include some reimbursements to officers totaling at least \$1,637 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Items 48 (Office & Administrative Expense) and 54 (Other Disbursements).

Additionally Local 8823 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 8823 officers and some indirect disbursements made on behalf of its officers 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).

I am not requiring that Local 8823 file an amended LM report for 2008 to correct the deficient items, but Local 8823 has agreed to properly report the deficient items on all future reports it files with OLMS.

Mr. Martin Cheney  
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I want to extend my personal appreciation to USWA Local 8823 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,



Senior Investigator

cc: David Jahn, President  
Lynn Wilson, Treasurer