

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Cleveland District Office  
1240 East Ninth Street  
Room 831  
Cleveland, OH 44199  
(216)357-5455 Fax: (216)357-5425



January 16, 2009

Ms. Alva Hershberger, Financial Secretary  
Steelworkers, AFL-CIO  
Local 1-662  
10364 State Route 21 NW  
Strasburg, Ohio 44680

LM File Number 012-486  
Case Number: [REDACTED]

Dear Ms. Hershberger:

This office has recently completed an audit of USW Local 1-662 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 December 19, 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 1-662's 2007 records revealed the following recordkeeping violation:

#### Disposition of Gift Cards

Local 1-662 did not maintain an inventory of gift cards it purchased and gave away during fiscal year 2007. The union did not record which members received the gift cards that were raffled off for attendance at membership meetings during fiscal year 2007. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property or gift cards given away to individuals by the union to verify, clarify, and explain the information that must be reported in Item 30.

Based on your assurance that Local 1-662 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 1-662 for fiscal year ending December 31, 2007, was deficient in the following area:

#### Disbursements to Officers

Local 1-662 did not include some reimbursements to officers totaling at least \$53.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union did not retain documentation to support this disbursement.

The union must report most direct disbursements to Local 1-662 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 1-662 file an amended LM report for 2007 to correct the deficient items, but Local 1-662 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issues

##### Financial Secretary Reports

Local 1-662 failed to comply with United Steelworkers of America By-Laws for Local Unions. Article V, Section 4(e) states “the financial secretary shall make a detailed financial report at least once each month at the local union meeting covering the receipts and expenditures of all funds.” Local 1-662 failed to conform to this provision of the by-laws. As agreed to during the exit interview, Local 1-662 will conform to this provision in the future. OLMS will take no further enforcement action at this time regarding this issue.

I want to extend my personal appreciation to USW Local 1-662 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,

Brian A. Pifer  
District Director

cc: Mr. Paul Deuble, President