

U.S. Department of Labor

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January 9, 2009

Mr. Scott Dewitt, President
Steelworkers Local 273
113 Brookview Place
Combined Locks, WI 54113-1240

LM File Number: 032-395
Case Number: [REDACTED]

Dear Mr. Dewitt:

This office has recently completed an audit of Steelworkers Local 273 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 Shannon Miller and 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 273's 2006 and 2007 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 273's receipts journal reflect the date the union deposited money, and the amount of the deposit, but not the amount of each individual receipt and the date money was received. Local 273 usually received a dues check on a weekly basis, but made deposits on a bi weekly basis, and instead of recording the amount of each check received and the date on which it was received, the union recorded the sum of each check being deposited and the date of the deposit. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Failure to Record Receipts

Local 273 did not record in its receipts records some interest received from the credit union at which it holds two accounts. None of the \$133.42 in interest received from one of the two accounts was recorded. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Lack of Salary Authorization

Local 273 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. Additionally, the union did not maintain records to verify that members who work for the union during periods for which they are not scheduled to be working for the employer are entitled to be paid \$8 per hour by the union. 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.

4. Meal Expenses

Local 237 occasionally reimbursed officers for meal expenses incurred while conducting union business. However, in a few instances, officers failed to retain itemized receipts for meal expenses and in other instances did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the receipt for a meal at The Bar dated July 26, 2006 in the amount of \$125.38 and the receipt for a meal at Zuppa's Market Café dated August 10, 2006 in the amount of \$108.93 do not include any written notations of either the purpose of the meals or the persons incurring the charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of persons who incurred the restaurant charges. In addition, itemized receipts must be retained to enable OLMS to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

5. Lost Wages

Local 237 did not retain adequate documentation for a lost wage reimbursement payment to Number One Paper Machine Representative Jim Petit totaling \$502.84. The union must maintain 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. The OLMS audit found that the voucher prepared for Mr. Petit did not adequately identify the union business purpose for the lost wages. The description written on the voucher was "union business" which does not adequately describe the purpose for the lost wages.

Based on your assurance that Local 237 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 Forms LM-3 filed by Local 237 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 237 did not report the names of some officers and the total amounts of payments to them in Item 24 (All Officers and Disbursements to Officers). The audit revealed that number one paper machine representative Jim Petit, number two paper machine representative Steve Todeur, operations representative Mike Tobin, and guard William Luebke each received \$520 and that maintenance representative Tim Mayer received \$490. 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 237 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).

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 237 amended its bylaws in 2003, but did not file a copy with its LM report for that year. Local 237 has now filed a copy of its bylaws.

I am not requiring that Local 237 file an amended LM report for 2007 to correct the deficient items, but Local 237 has agreed to properly report the deficient items on all future reports it files with OLMS.

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I want to extend my personal appreciation to Steelworkers Local 273 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: Shannon Miller, Treasurer