

**U.S. Department of Labor**

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July 6, 2009

Ms. Susan Brazil, Local President  
USW AFL-CIO  
Local 9358  
100 First Avenue  
Charlestown, MA 02129

LM File Number 528-669  
Case Number:

Dear Ms. Brazil:

This office has recently completed an audit of USW Local 9358 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, Treasurer Francis Coleman, and Financial Secretary Frank Renda on June 30, 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.

The CAP disclosed recordkeeping violations, reporting violations, and other issues.

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 9358's 2007 records revealed the following recordkeeping violations:

1. Local Receipts

Local 9358 did not retain adequate documentation for local receipts totaling at least \$3,500. These receipts included vending machine profits, reimbursements for local officers' travel expenses, and other local receipts.

As previously noted above, labor organizations must retain at least one record showing the date, amount, purpose, and source of that money. 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. Failure to Record Receipts

Local 9358 did not record in its receipts records at least \$1,000 in receipts for reimbursements of local officers' travel and dues received. 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. Receipt Dates not Recorded

Entries in Local 9358's receipts journal reflect the date the union deposited money, but not the date money was received. 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.

Based on your assurance that Local 9358 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 9358 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 9358 did not include some reimbursements to officers totaling at least \$450 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 9358 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 Report Receipts and Disbursements

Local 9358 under-reported receipts received by at least \$1,250 on their LM report and under-reported disbursements made by at least \$1,250. The Statement B instructions state that receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization.

## 3. Failure to Properly Categorize Disbursements

Local 9358 did not correctly categorize at least \$20,000 in office and administrative payments in Item 48 (Office and Administrative Expense). It appears as though the local erroneously reported these disbursements in Item 54 (Other Disbursements). The instructions for Item 48 state the total amount of ordinary office and administrative expenses, for example, rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc. must be entered in Item 48.

I am not requiring that Local 9358 file an amended LM report for 2007 to correct the deficient items, but Local 9358 has agreed to properly report the deficient items on all future reports it files with OLMS.

## Other Issues

### Conducting Audits

According to Article V, Section 8 of the Standard By-laws of Local Unions for United Steel Workers: "[The Trustees] shall audit the books and financial records of the local union every three months and give a report of such audit at the next regular local union meeting." Currently, Local 9358 is not having its books and financial records quarterly

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audited by the local's trustees. OLMS recommends Local 9358 remain in compliance with Article V, Section 8 of the Standard By-laws of Local Unions for United Steel Workers.

I want to extend my personal appreciation to USW Local 9358 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,

Mark Letizi  
District Director

cc: Francis Coleman, Local Treasurer  
Frank Renda, Local Financial Secretary