

U.S. Department of Labor

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Office of Labor-Management Standards
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May 28, 2009

Ms. Lois DiBartolomeo, Treasurer
Steelworkers AFL-CIO
Local 8041
122 Pleasant Valley Blvd.
Belle Vernon, PA 15012

LM File Number: 069-971

Case Number: [REDACTED]

Dear Ms. DiBartolomeo:

This office has recently completed an audit of Steelworkers Local 8041 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 Michael Jurcvich, Patricia Clausi, and you on May 27, 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 8041's 2008 records revealed the following recordkeeping violations:

1. Failure to Record Receipts/ Receipt Dates not Recorded

Local 8041 did not record in its receipts records gross receipts of lottery tickets sold, but instead recorded the net profit from the ticket sales. Also entries in receipts records reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt, the amount received and the source of the money. 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. Deposits into a union bank account should be made shortly after receipt of money. OLMS recommends that Local 8041 make deposits of receipts within a few days after received.

2. General Reimbursed Expenses

Local 8041 did not retain adequate documentation for reimbursed expenses incurred by President Jurcvich totaling at least \$1,953. For example, Mr. Jurcvich attended the international convention in Las Vegas, Nevada. However, no supporting documentation for airfare, motel or car rental could be found.

3. Disbursements

Local 8041 did not retain adequate documentation for the sale of lottery tickets. The records for the sale of all lottery tickets were shredded after the winning ticket was paid.

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.

Based on your assurance that Local 8041 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 8041 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Fund Not Reported

Local 8041 did not report the activities fund on the LM-3 report. This is a union fund, therefore, the total receipts, total disbursements, beginning balances, and ending balances must be properly reported on the LM-3.

2. Disbursements to Officers/Employees

Local 8041 did not include some reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

It also appears that the union reported officers' and employees' lost time in Item 54 (Other Disbursements) instead of in Item 24 Column (D) for officers and in Item 46 (To Employees) for employees. All officers' gross salary including lost time must be included in Column (D). Enter in Column (E) all other direct and indirect disbursements to officers, other than salary and lost time.

The union must report most direct disbursements to Local 8041 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).

3. Unreported Interest (Income)

Local 8041 did not report \$716 in interest received in Item 41 (Interest and Dividends).

Local 8041 must file an amended Form LM-3 for fiscal year ending December 31, 2008, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than June 11, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Steelworkers Local 8041 for the cooperation and courtesy extended during this compliance audit. I strongly

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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: Michael Jurcevich, President
William Barido, Auditor
Local Union Services Department