
**U.S. Department of
Labor**

New York District Office
201 Varick Street, Room 878
New York, New York 10014
Telephone: (646) 264-3190
Facsimile: (646) 264-3191



September 3, 2010

Mr. Jim Conway
President
Steelworkers, Local 4-575
366 Grand Avenue
Rahway, NJ 07065

Re: Case No. [REDACTED]

Dear Mr. Conway:

This office has recently completed an audit of Steelworkers, Local 4-575 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, as Amended (LMRDA). As discussed during the exit interview with you and Treasurer Toro Ushiyama on August 30, 2010, the following problems were discussed 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 ...

Record Keeping Violations

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 575 records for the year ending 12/31/08 revealed the following recordkeeping violations:

The union failed to maintain dues receipts and canceled checks that are generated when the union makes deposits and expenditures.

Conclusion/Record Keeping Violations

As agreed, provided that Local 4-575 maintains adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding this violation.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file the Local 4-575's LM report. You should be aware that Section 206 of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records. Section 209(c) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful destruction or falsification of records, and applies to any person (not just the individuals who are responsible for filing the union's LM report).

Reporting Violations

The CAP disclosed a violation of LMRDA Section 201 (b), which requires labor organizations to file annual financial reports accurately disclosing their financial conditions and operations. The Labor Organization Annual Financial Report (Form LM-3) filed by Local 4-575 for fiscal year ending December 31, 2008, was deficient in that the total amount of receipts and disbursements were incorrectly listed and the amount listed under Cash at the beginning of the fiscal year is not the same amount that is listed at the end of the previous fiscal year's LM report (12/31/07).

Conclusion/Resolution of Reporting Problems

Local 4-575 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 discussed with you the availability of the reporting forms and instructions 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 September 22, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Use of Signature Stamp

During the audit, you advised that it is Local 4-575's practice for you to sign all union checks and to stamp the signature of President Jim Conway on union checks. Your union's bylaws state

that checks are to be signed by the president and treasurer. The second signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use by the primary signer of a signature stamp for the second signature does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the countersignature requirement. You may want to revise this aspect of your check disbursement procedures.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

A solid black rectangular box used to redact the signature of the sender.

Senior Investigator