



January 26, 2011

Mr. Mark Gilbert, Financial Secretary  
Steelworkers, AFL-CIO  
Local 805  
7425 Industrial Road  
Florence, KY 41042

Case Number: [REDACTED]  
LM Number: 528203

Dear Mr. Gilbert:

This office has recently completed an audit of Steelworkers Local 805 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 Investigator Catherine Cicale discussed during the exit interview with you on January 13, 2011, 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 805's fiscal year 2009 records revealed the following recordkeeping violations:

#### 1. Lost Wages

Local 805 did not retain adequate documentation for lost wage reimbursement payments, totaling at least \$1,164, to any of its officers including you, former President [REDACTED], and Treasurer Mike Struewing. 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 Local 805 retained lost time and expense vouchers, but those vouchers did not always identify the date wages were lost, the applicable rate of pay, or a sufficient description of the union business conducted.

#### 2. Failure to Record Receipts

Local 805 did not record in its receipts records employer dues checkoff payments totaling at least \$9,625. Union receipt records must include an adequate identification of all money the union receives. The records should show the amount received, the date it was received, and the source of the money.

#### 3. General Reimbursed Expenses and Other Disbursements

Local 805 did not maintain adequate documentation for reimbursed expenses and other disbursements made from the local's Forcht Bank Account totaling at least \$3,982.26. For example, on December 16, 2009 the local wrote a check in the amount of \$2,080, payable to Kroger, for gift cards for local union members, but failed to maintain any supporting documentation regarding the purchase or distribution of the cards.

As 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.

#### 4. Lack of Salary Authorization

Local 805 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the Labor Organization Annual Report, Form LM-3, were the authorized amounts and therefore were correctly reported. 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.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 805's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the

U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

I want to extend my personal appreciation to Steelworkers Local 805 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: Mr. Jose Perez, President