



November 16, 2012

Ted Garey, President
USW Local 578
PO Box 181
Lancaster, OH, OH 43130-0181

Case Number: [REDACTED]
LM Number: 016116

Dear Vicki Conant:

This office has recently completed an audit of USW Local 578 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 Financial Secretary Paul Wine on September 5, 2012, 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.

Reporting Violations

1. Disbursements to Officers

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 578 for the fiscal year ended December 31, 2011, was deficient in the following areas:

Officer salaries were not reported; item 24D of the LM-3 only reported lost time payments to officers. A \$510 reimbursement to the financial secretary for Christmas party expenses was not reported under this officer name in item 24E.

I am not requiring that Local 578 file an amended LM report for 2012 to correct the deficient item, but Local 578 has agreed to properly report the deficient items on all future reports it files with OLMS.

2. Filing of Updated 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 578 is governed by the USW's "By-Laws for Local Unions" augmented by additional articles specific to Local 578. These additional articles had not been filed with the Department of Labor.

Local 578 has now filed a copy of its constitution and bylaws.

Other Issues

In 2011, Local 578 gave gift cards to its members for Christmas. The union accounted for the purchase, but did not track the final disposition of the gift cards. OLMS recommends that Local 578's financial records include a final reconciliation of gifts purchased with union funds. Additionally, it is recommended that Local 578 place an inventory in the union record of its fixed assets, which currently include two laptop computers, printers, file cabinets, and typewriters.

I want to extend my personal appreciation to USW Local 578 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: Ted Garey, President