



September 21, 2012

Mr. David LaClair, President  
Steelworkers Local 450-A  
24 Woodlawn Avenue  
Massena, NY 13662

Case Number: [REDACTED]  
LM Number: 053798

Dear Mr. LaClair:

This office has recently completed an audit of Steelworkers Local 450-A 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 on September 7, 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

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 450-A for the fiscal year ended December 31, 2011, was deficient in that:

##### 1. Disbursements to Officers

Local 450-A did not include some indirect reimbursements to officers totaling at least \$600 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported payments to a third party for the cost of the business use of a personal telephone in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 450-A 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.

##### 2. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away bibles during the year. The union must identify the type and value of any property given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

I am not requiring that Local 450-A file an amended LM report for 2011 to correct the deficient items, but Local 450-A has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issues

The audit disclosed that although the union records adequately support union credit card expenses and all transactions appear to be for legitimate union purpose, the local does not have a written policy for the use of union credit cards. OLMS recommends unions adopt written policies for the use of credit card. The enclosed OLMS compliance tip titled *Union Credit Card Policy* offers suggestions for developing policies that will ensure compliance with the LMRDA.

I want to extend my personal appreciation to you and Ms. Cringle 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: Ms. Cynthia Cringle, Bookkeeper

Enclosure