



April 4, 2017

Mr. William Coe, President  
Steelworkers Local 4889

Case Number: 140-6009401 [REDACTED]  
LM Number: 010881

Dear Mr. Coe:

This office has recently completed an audit of 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 you and Financial Secretary Richard Cucarese on April 4, 2017, 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 4889 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Statement B Receipts and Disbursements

Local 4889 improperly reported transfers between separate union bank accounts as receipts and disbursements under Statement B of Local 4889's 2015 LM-3 Report.

The instructions for Statement B state that transfers between separate bank accounts or between special funds of your organization, such as vacation or strike funds, do not represent the flow of cash in and out of your organization. Therefore, these transfers should not be reported as receipts and disbursements of your organization.

2. Disbursements to Officers

The union must report most direct disbursements to Local 4889 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).

Local 4889 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). For example, Local 4889 did not include the name and reimbursement to an officer totaling at least \$3,267.00. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

Local 4889 has now filed an amended Form LM-3 for the fiscal year ended December 31, 2015, to correct the deficient items discussed above. Therefore, OLMS will take no further enforcement action at this time regarding the above violations.

### 3. Failure to File 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. OLMS has no copy of Local 4889's constitution and bylaws on file.

Local 4889 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to you and Financial Secretary Cucarese 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,

Senior Investigator

cc: Mr. Richard Cucarese, Financial Secretary