



January 5, 2017

Kevin Joseph, Financial Secretary
USW Local 87
2300 Ashland Ave.
Toledo, OH 43620

Case Number: 350-6009441
LM Number: 003055

Dear Kevin Joseph:

This office has recently completed an audit of USW Local 87 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 on December 22, 2016, 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 87's 2015 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 87 did not maintain an inventory of t-shirts and golf accessories it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

2. Membership Meeting Minutes

Article V, Section 3(a) of Local 87's governing bylaws delineates the duties of the recording secretary which includes recording the proceedings of the local's meetings. Only one report of a monthly membership meeting was found in the union's record for fiscal year 2015. The union must maintain a record of minutes for each meeting held. These minutes should include the authorization of financial transactions.

Based on your assurance that Local 87 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 87 for the fiscal year ended December 31, 2015, was deficient in that

Disbursements to Officers (LM-3)

Local 87 did not report \$400 paid to the vice president as reimbursement for a union charity donation in Item 24 (All Officers and Disbursements to Officers).

The union must report most direct disbursements to Local 87 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).

I am not requiring that Local 87 file an amended LM report for 2015 to correct the deficient items, but Local 87 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Pre-signing Checks

The union under certain circumstances, such as a signatories anticipated absence, pre-signs checks. The two 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 87 review these procedures to improve internal control of union.

I want to extend my personal appreciation to USW Local 87 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: Ken Davis, President