



July 9, 2018

Mr. Milton Cassara, President  
United Steelworkers Local 48  
24371 Lorain Road  
North Olmsted, OH 44070

Case Number: 350-6012341 [REDACTED]  
LM Number: 007-476

Dear Mr. Cassara:

This office has recently completed an audit of Steelworkers Local 48 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 May 21, 2018, 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 48's 2017 records revealed the following recordkeeping violations:

1. Disbursements Documentation

Local 48 did not retain adequate invoice documentation for rent disbursements totaling at least \$13,860. For example, no monthly invoices were available for office rental payments made to Arlene Cassara Dance & Theater Center for the entire year of 2017.

2. Credit Card Expenses

Local 48 did not retain adequate documentation for credit card charges to Instant Checkmate and Sirius XM Radio totaling at least \$474.36. For example, charges were incurred on the union's credit card each month for the expense, but no supporting documentation was available for review in the union's records.

As noted above, labor organizations must retain original receipts, bills, invoices, 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.

3. Meal Expenses

Local 48 did not maintain itemized receipts for meal expenses totaling at least \$211.35. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 48's records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, union meals at Yours Truly and BJ's Restaurant did not have the required documentation to support the expenses. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

4. Executive Board Meeting Minutes not Available

During the audit, you advised OLMS that the executive board reviews and authorizes disbursements at their monthly meetings. However, you also advised OLMS that the meeting minutes from the years 2011 through 2017 had been inadvertently discarded during a records purge by the local. Unfortunately, disbursement authorizations for the audit year were not able to be verified. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

5. Lack of Salary & Vacation Authorization

Local 48 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. In addition, you advised OLMS that the local's office administrator receives two weeks' vacation time, but no records are maintained of actual vacation time used. The union must keep a record, such as meeting minutes, to show the current salary and vacation authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 48 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-2 filed by Local 48 for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Disbursements to Officers

Local 48 did not include some credit card payments on behalf of officers totaling at least \$211.35 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Automobile Expenses

Local 48 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) disbursements for the operation and maintenance of union automobile totaling at least \$6,004.49.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the

operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

3. Failure to Itemize Disbursement

Local 48 did not properly report a “major” transaction in Schedule 18. A “major” transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that rent payments to Arlene Cassara Dance & Theater Center was not itemized separately because the aggregate payments totaled \$13,860.

4. Dues Receipts

Local 48 did not report their portion of dues receipts correctly in Item 36 (Dues and Agency Fees). The local receives dues payments from several employers which were incorrectly reported in Item 47 (From Members for Disbursements on Their Behalf). All dues payments received from the employers should be reported in Item 46 (On Behalf of Affiliates for Transmittal to Them) when the local is subsequently sending the funds to the International.

The total disbursements of dues collected on behalf of affiliates by the labor organization should be recorded in Item 63 (To Affiliates of Funds Collected on Their Behalf), which is usually the same amount reported in Item 46.

Once the local receives their portion of dues back from the International, which is done electronically, those dues should be reported in Item 36 (Dues and Agency Fees).

5. LM Report Signatures

The December 31, 2017 Form LM-2 report filed electronically with OLMS by Local 48 had your signature in both Item 70 and Item 71.

The completed Form LM-2 that is filed with OLMS must be signed by both the president and treasurer, or corresponding principal officers, of the labor organization. If an officer other than the president or treasurer performs the duties of the principal executive or principal financial officer, the other officer may sign the report. If an officer other than the president or treasurer signs the report, enter the correct title in the title field next to the signature and explain in Item 69 (Additional Information) why the president or treasurer did not sign the report.

Local 48 must file an amended Form LM-2 for the fiscal year ended December 31, 2017 to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). The amended Form LM-2 must be filed no later than July 27, 2018. Before filing, review the report thoroughly to be sure it is complete and accurate.

#### Other Violation

##### Form LM-30 Requirement

During the audit, you advised that Local 48 rents its office space from your wife, Arlene Cassara. Although this arrangement was approved by the executive board of the union several years ago, Section 202 of the LMRDA requires that all such arrangements be reported on Form LM-30, Labor Organization Officer and Employee Annual Report. As we discussed during the exit interview, you must complete Form LM-30 for the years ending 2011 through and including 2017 as well any year in the future that the agreement exists.

#### Other Issue

##### Signing Blank Checks/Single Signature

During the audit, you advised that Treasurer Ray Looney signs blank checks. Your union requires that all checks be signed by the president and treasurer. 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 48 review these procedures to improve internal control of union funds.

At the conclusion of an audit of Local 48's 2010 records, you were advised of certain recordkeeping and reporting violations that you agreed to correct on future filings. However, after review of Local 48's 2017 records, many of the same issues have not been corrected.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 48'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

Mr. Milton Cassara

July 9, 2018

Page 6 of 6

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 48 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: Ray Looney, Treasurer