

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 8, 2006

Mr. Daniel Remmel, President
United Steelworkers Local 888
W6257 Old Highway Road
Menasha, WI 54952

Re: Case Number XXXXXXXXXX

Dear Mr. Remmel:

This office has recently completed an audit of Local 888 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 Treasurer David Van Densen on July 17, 2006, 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 adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 888's 2005 records revealed the following recordkeeping violations:

1. Entries in Local 888's receipts journal reflected the date money was deposited, not the date money was received. Union receipts records must identify the date of receipt. The date of receipt is required in order to allow the Secretary of Labor to verify, explain or clarify, and check for accuracy and completeness the receipts required to be reported on the Labor Organization Annual Report (Form LM-3) filed by Local 888. The LM-3 instructions for Statement B (Receipts and Disbursements) state that receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization. Failure to record in union records the date that money was received could result in some receipts being reported on an LM-3 for a different year than when actually received. Local 888 should take steps to ensure that all receipts and disbursements are accurately recorded in union records.
2. Voided check number [REDACTED] from February 2005 was missing.
3. According to the monthly statement from Local 888's financial institution, \$45.75 was deposited on February 16, 2005. Records indicate this deposit corresponded to [REDACTED]. However, this cash receipt was for a \$30.75 November 2004 dues payment for a member. No records identified the purpose of the additional \$15 deposited.
4. For various meal expenses at local area restaurants throughout 2005, no invoices were found, the identities of those who benefited from the meals was not recorded anywhere, and no purpose for the meals was identified in records. This includes, for example, the following restaurant charges made to Local 888's VISA account: \$46.30 on April 23, 2005, at the Hong Kong Buffet and \$50.21 on April 25, 2005, at Zaccatecas Restaurant. The date, amount, and business purpose of every meal expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded. If the meal is for the benefit of a particular group or committee, it is sufficient to record the name of the committee, so long as each committee member's name is identified in meeting minutes or elsewhere in union records.

As agreed, provided that in the future Local 888 maintains adequate documentation as discussed above, no additional enforcement action will be taken regarding the recordkeeping violations.

Reporting Violations

The CAP 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 888 for fiscal year ending December 31, 2005, was deficient as described below.

1. Stock funds held in the Piper Jaffrey accounts were not reported in Item 28 (Investments), but instead appeared to have been included with the savings and checking accounts in Item 25 (Cash). According to the LM-3 instructions, funds in checking accounts, savings accounts, certificates of deposit, and money market accounts are to be reported in Item 25. The Piper Jaffrey statements show that Local 888 has two money market accounts. These account balances as of the start and end of the reporting period are to be reported in Item 25, and any dividends paid for the money market accounts are to be reported in Item 41 (Interest and Dividends). In addition, the total book value of the stock funds in the Piper Jaffrey accounts at the start and end of the reporting period should be reported in Item 28.
2. The amount of \$470 is reported in Item 43 (Other Receipts). This does not appear to include all of the following "other" receipts identified during the CAP: \$435 in receipts for "shirts," a total of \$231 refunded from Liberty Mutual, and an undetermined amount that was reimbursed to Local 888 by you and the vice president related to your International Union Convention expenses.
3. The names of the trustees were not reported in Item 24 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union.
4. Further reporting deficiencies were found in Item 24:
 - a. Local 888 failed to report the lost time paid to officers in Column D (Gross Salary). Such payments appear to have been erroneously reported in Item 46 (Disbursements to Employees).
 - b. None of the expenses reimbursed to any officers were reported in Column E (Allowances and Other Disbursements). In addition, certain expenses charged by you and Treasurer Van Densen to the Local 888 VISA card and subsequently

paid by Local 888 were not reported in Column E (Allowances and Other Disbursements). These included such things as office supplies, long distance telephone calls charged to the Riviera Hotel bill during the Las Vegas convention, and restaurant expenses

All direct disbursements to Local 888 officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

- c. No payroll deductions from officer salary and lost time wages were reported on Line 10 of Item 24.

I am not requiring that Local 888 file an amended LM-3 report for 2005 to correct the deficient items, but as agreed, Local 888 will properly report the deficient items on all future reports filed with this agency. It is my understanding that the next LM-3 report filed by Local 888 may very well be a terminal report. I explained to Treasurer Van Densen that a terminal LM-3 must be filed within 30 days after the effective date of a union's termination or loss of reporting identity. A union loses its reporting identity when it no longer deals with employers concerning grievances, labor disputes, wages or other terms or conditions of employment.

I want to extend my personal appreciation to Local 888 for the cooperation and courtesy extended during this compliance audit. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

Investigator

cc: Michael Grones, District 2 Representative
David Van Densen, Treasurer