U.S. Department of Labor

Employment Standards Administration Office of Labor-Management Standards Chicago District Office 230 South Dearborn Street Room 774, Federal Office Building Chicago, IL 60604 (312)596-7160 Fax: (312)596-7174



August 31, 2006

Mr. Todd Chester, President United Steelworkers of America, AFL-CIO Local Union 07-634-L 112 Depot Street Auburn, IN 46706-1601

Re: Case Number:

Dear Mr. Chester:

This office has recently completed an audit of USWA Local 634 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 Todd Chester and Arkie Haiflich on August 3, 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.

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 USWA Local 634 for fiscal year ending December 31, 2005, was deficient because it failed to properly report reimbursement payments to officers. USWA Local 634 failed to include some reimbursements to officers and employees in item 24 (All Officers and Disbursements to Officers). Those payments appear to have been erroneously reported in item 54 (Other Disbursements).

As I discussed with you during the audit, all direct disbursements to officers and some indirect disbursements made on behalf of 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 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).

USWA Local 634 must file an amended Form LM-3 for fiscal year ending December 31, 2005, to correct the deficient items discussed above. I discussed with you the availability of the reporting forms and instructions on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than September 22, 2006. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to USWA Local 634's 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: Arkie Haiflich, Financial Secretary