



December 8, 2022

Monica Leach, Treasurer
Steelworkers Local 525U
[REDACTED]

Case Number: 350-6025223([REDACTED])
LM Number: 061-037

Dear Mrs. Leach:

This office has recently completed an audit of Steelworkers Local 525U 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 1, 2022, 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 525U's 2021 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 525U did not maintain an inventory of hats, jackets, and other property 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) on 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. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

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.

Base on your assurance that Local 525U will retain adequate documentation in the future, OLMS will take no 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 LM-3 filed by Local 525U for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away hats and bibles totaling more than \$3,273 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursement to Officers

USW Local 525U did not include some reimbursements to officers totaling at least \$1,577.79 in the amounts reported in Item 24 (All officers and Disbursements to Officers), Column E.

The union must report most direct disbursement to USW Local 525U 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 officer 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 reporting in Item 48 (Office and Administrative Expense).

3. Statement B (Total Receipts)

The total receipts figure reported in Item 44 (Total Receipts) of Statement B is not the figure according to Local 525U's books after reconciliation to the bank statements. Local 525U had total receipts of \$102,515 recorded in its receipt's records and on its bank statements during the audit year. However, Local 525U reported total receipts of \$102,603 in Item 44 (Total Receipts) of Statement B.

4. Reporting of Bond Amount

LMRDA Section 502 (Bonding), requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. USW Local 525U is covered by a safety net rider, but reported the bond amount incorrectly. The amount reported on the LM-3 report was less than 10 percent of the total funds required during the fiscal year.

I am not requiring that Local 525U file an amended LM report for 2021 to correct the deficient items, but Local 525U has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers Local 525U 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,

A large black rectangular redaction box covering the signature of the sender.

cc: Secret Brougner, Financial Secretary