



December 21, 2022

Mr. Justin Burns, President
Steelworkers, AFL-CIO Local 995

Case Number: 320-6023432()
LM Number: 010456

Dear Mr. Burns:

This office has recently completed an audit of Steelworkers Local 995 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 and Financial Secretary Curt Meulemans on December 19, 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 995's 2021 records revealed the following recordkeeping violations:

1. Disposition of Property

The audit revealed that Local 995 did not retain adequate records for gift cards, tee-shirts, and Christmas party prizes it purchased and/or gave away during the audit period. While Local 995 retained records that adequately identify members who received gift cards and

tee-shirts at its monthly membership meetings, it did not retain records that adequately identify new members who received tee-shirts throughout the year and members that received gift cards and prizes at the union's February 2021 Christmas party. Additionally, Local 995 did not maintain records that identified the tee-shirts and gift cards that were on hand at the beginning and end of the year.

Records must be retained which account for all union property. In the case of gift cards, tee-shirts, or other items given away to members, records must be maintained to clarify and support information required to be reported by Local 995 in Statements A (Assets and Liabilities) and B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-3). The values of any gift cards or similar property on hand at the beginning and end of the year must be reported in Item 30 (Other Assets). In addition, the type and value of any property received or given away must be identified in the additional information section of the Form LM-3 report with the identity of the recipient(s) of such property.

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. Disbursements to Vendors and General Reimbursed Expenses

Local 995 did not retain adequate documentation for disbursements to vendors and payments officers and employees totaling at least \$999. For example, adequate supporting documentation was not retained for a \$337.92 disbursement Local 995 made to the Fox Valley AFL-CIO for per capita dues. In support of this disbursement, Local 995 only retained a photocopy of the cleared check issued to the Fox Valley AFL-CIO, which is not sufficient. As another example, adequate supporting documentation was not retained for a \$183 reimbursement to former Recording Secretary Kim Blodgett for prizes she purchased for the union's February 2021 Christmas party. In support of this payment, Local 995 only retained an expense voucher and a photocopy of the cleared check issued to Ms. Blodgett, which is not sufficient.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. 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. 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. 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. Lack of Salary Authorization

Local 995 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported.

At the opening interview, you and Mr. Meulemans advised that salary raises were approved by a membership vote in March 2018 and that the vote also authorized yearly salary increases that mirror the annual salary increases members receive from their employer. However, authorization for the union's current officer, steward, and committee chairperson salaries could not be identified in Local 995's minutes, bylaws, or any other record.

The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or the individual in the union with the authority to establish salaries.

4. Failure to Retain Voided Checks

At the opening interview, Mr. Meulemans stated that Local 995 failed to retain voided checks during the audit year because he rips up and disposes of all voided checks. The audit revealed that Local 995 failed to retain at least one voided check during the audit year. As a general rule, all types of records created or used in the normal course of doing union business must be maintained by the union for five years.

Based on your assurance that Local 995 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 995 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (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 Local 995 gave away gift cards, tee-shirts, and Christmas party prizes to members during the audit 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. Officers and Disbursements to Officers

The audit revealed that Local 995 did not report former Trustees [REDACTED] and [REDACTED] as union officers in Item 24. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. The audit also revealed that Local 995 did not include a \$99 reimbursement to Mr. [REDACTED] in the amounts reported in Column E (Allowances and Other Disbursements) of Item 24. Local 995's disbursements records indicate that Mr. [REDACTED] received reimbursed expenses totaling \$99; however, as noted above, Local 995 did not report Mr. [REDACTED] or the \$99 payment to him in Item 24. It appears that union erroneously reported the \$99 reimbursement it paid to Mr. [REDACTED] in Item 48 (Office and Administrative Expenses) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 995 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.

I am not requiring that Local 995 file an amended LM report for 2021 to correct the deficient items, but Local 995 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Pre-Signed Checks

At the opening interview, you and Mr. Meulemans indicated that all checks issued by Local 995 require the signature of the president (or vice president, in their absence) and financial secretary. However, you further advised that you occasionally pre-sign blank checks to cover meeting expenses for the upcoming month. 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 995 review these procedures to improve internal control of union funds. At the exit interview you stated that you no longer pre-sign checks and will have the vice president sign them in the future if you or Mr. Meulemans are not available.

I want to extend my personal appreciation to Steelworkers Local 995 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: Mr. Curt Meulemans, Financial Secretary