



June 23, 2022

Mr. Daryl Eure, Treasurer
Steelworkers Local 19
401 W 220TH ST Unit 53
Carson, CA 89118-3003

Case Number: 520-6023040()
LM Number: 036396

Dear Mr. Eure:

This office has recently completed an audit of Steelworkers Local 19 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 5, 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 Steelworkers Local 19's 2020 records revealed the following recordkeeping violations:

1. General Disbursements and Reimbursed Expenses

Steelworkers Local 19 did not retain adequate documentation for reimbursed expenses incurred by Secretary Joshua Munguia and Vice President Sir-Mir El Bey totaling at least \$782.24. For example, receipts were not maintained for the purchase of airfare for Vice

President El Bey totaling \$538.24. In addition, receipts were not maintained for food purchases by Secretary Munguia totaling \$244.00.

In addition, Steelworkers Local 19 did not retain adequate documentation for disbursed expenses incurred by the local union totaling at least \$1,665.23. For example, receipts were not maintained for the purchase of postage from USPS, food from the AVCORP Café, funeral benefits payments, and member retirement payments.

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

2. Lost Wages

Steelworkers Local 19 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$10,223.46. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Steelworkers Local 19 did not maintain receipts, vouchers, or supporting documents for lost time claims by officers. In addition, Steelworkers Local 19 must abide by the United Steelworkers rules, as stated on the vouchers provided by the international, that wages must be lost to receive lost time payments.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, which contained a sample of an expense voucher Steelworkers Local 19 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Steelworkers Local 19'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 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.

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 Steelworkers Local 19 for the fiscal year ended December 31, 2020, was deficient in the following areas:

1. Loans to Officers Totaling More than \$250.00

Steelworkers Local 19 did not properly answer Item 18, "Have loans totaling more than \$250.00 to any officer, employee, or member, or make any loans to a business enterprise?" Steelworkers Local 19 should have answered, "Yes," because the union loaned funds totaling \$1,440.00 during the year.

2. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Steelworkers Local 19's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

3. Dues

Steelworkers Local 19 incorrectly reported the amount of dues received in Item 38 (Dues) during the year totaling \$39,708. The correct amount should have been \$31,690.00.

4. Other Receipts

Steelworkers Local 19 incorrectly reported the amount of other receipts received in Item 43 (Other Receipts) during the year totaling \$3,086. The correct amount should have been \$9,934.00

5. Disbursements to Officers

Steelworkers Local 19 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). 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 union must report most direct disbursements to Steelworkers Local 19 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 (Office and Administrative Expense).

6. To Employees

Steelworkers Local 19 incorrectly reported its lost time payments to officers in Item 46 (To Employees (Less Deductions)). This amount should have been reported in Item 24 (All Officers and Disbursements to Officers).

7. Office and Administrative Expenses

Steelworkers Local 19 incorrectly report the amount of office and administrative expenses in Item 48 (Office and Administrative Expenses) during the year totaling \$489.50.

8. Other Disbursements

Steelworkers Local 19 incorrectly reported administrative expenses in Item 54 (Other Disbursements).

9. Loans Made

Steelworkers Local 19 did not report the amount of loans made in Item 53 (Loans Made) during the year totaling \$1,440.00. Any loans to officers must be detailed in Item 56 (Additional Information).

Steelworkers Local 19 must file an amended Form LM-3 for the fiscal year ended December 31, 2020, 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. The amended Form LM-3 must be filed no later than May 19, 2022. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issues

1. Information not Recorded in Meeting Minutes

During the audit you advised OLMS that the membership authorized union spending at monthly membership meetings held on the first Thursday of each month. The United Steelworkers Manual requires that, "All money paid out by the Local Union from its treasury must be approved by the members at a Local Union meeting...if the local union agrees that the bills should be paid a motion should be made, seconded, and passed authorizing the Treasurer to draw up a check and pay the bill." However, the minutes of the meetings do not contain any references to such motions. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

2. Expense Policy

The audit revealed that Steelworkers Local 19 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union debit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

3. Travel Advances

During the audit period, Steelworkers Local 19 issued travel advances to officers who were traveling for union business. Steelworkers Local 19 did not have the officer pay travel advances within 30 days after the travel is completed in accordance with the

instructions outlined in the *Instructions For Form LM-3 Labor Organization Annual Report*.

4. Outdated Bylaws

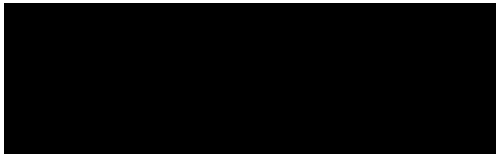
The audit revealed that Steelworkers Local 19 had not updated its bylaws since affiliating with the United Steelworkers with the current financial practices of the local. OLMS recommends that Steelworkers Local 19 update its bylaws and file them with the local's next LM-3 report.

5. Unfilled Officer Positions

As stated in the Glass, Pottery, Plastics, and Allied Workers Steelworkers Local 19 bylaws, the union is required to have three trustees. Steelworkers Local 19 did not have this position filled during the review period. Article II states that "When a vacancy exists in the office of...trustees, he/she shall be empowered to hold a special election to fill the vacancy." In addition, Article VII of the United Steel Workers Constitution states, "In the event a vacancy occurs in the office of guard or trustee or in the position of grievance Committee Member at any time during the term of office, the remaining Local Union Officers shall, by majority vote, select a successor to serve for the remainder of that term." During the review period Steelworks Local 19 failed to hold any special elections or appoint temporary officers to fill these vacant positions.

I want to extend my personal appreciation to Steelworkers Local 19 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