



January 21, 2022

Ms. Julie Lee, President
Steelworkers Local Union 81
6222 Chickasaw Drive
Westminster, CA 92683-2010

Case Number: 520-6020752()
LM Number: 036882

Dear Julie Lee:

This office has recently completed an audit of Steelworkers Local Union 81 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 Acting Financial Secretary Brenda Villages on April 12, 2021, 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 81's 2017 – 2019 records revealed the following recordkeeping violations:

Lack of Salary Authorization

Local 81 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 81 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 violations 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 81 for the fiscal year ended December 30, 2019, was deficient in the following areas:

1. Acquire/Disposal 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 the union disposed of a laptop valued at \$2,400. The union must identify the type and value of any property received, given away, or disposed of 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. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local Union 81 amended its bylaws on September 13, 1988, but did not file a copy with its LM report for that year.

I am not requiring that Local 81 file an amended LM report for 2019 to correct the deficient items, but Local 81 has agreed to properly report the deficient items on all future reports it files with OLMS. Local 81 has also agreed to file all future reports electronically.

Other Issues

1. Mutual Fund

Local 81 reported a mutual fund worth \$25,765 at the start of the reporting period. This item was not recorded at the end of the reporting period. On June 1, 2021, the State of California's State Controller's Office took possession of the mutual fund investment due to inactivity on the account. The State of California considers financial accounts with no activity for three consecutive years to be abandoned. Financial institutions in possession of the abandoned accounts must transfer the accounts to the State Controller's Office for safekeeping. Account-holders can reclaim their abandoned accounts after presenting the required form and supporting documentation to the State Controller's Unclaimed Property Division.

Local 81 presented the State of California with the documentation to reclaim its 1,771.667 mutual fund shares. On December 1, 2021 the State of California notified Local 81 that a check for \$2,949.56 was issued for the dividends accrued by the mutual fund. The state will release the mutual fund shares to Local 81 upon receipt of Local 81's brokerage account information.


Local 81 has amended its LM report to include a summary of the mutual fund's status with the State Controller's office.

2. No Trustees

Local 81 has failed to install three trustees as required by its bylaws in Article 3, Section 6. Local 81's bylaws outline that trustees will perform the function of auditors for Local 81, providing oversight of all union funds, property, and expenses. Trustees are to report their findings during regular union meetings. Local 81 has agreed to begin active recruitment for the trustee positions.

I want to extend my personal appreciation to Steelworkers Local Union 81 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