



September 29, 2023

Mr. Cesar Ochoa, Financial Secretary
United Steelworkers Union Local 15540
2025 Route 27
Suite 130
Edison, NJ 08817

Case Number: 130-6022820()
LM Number: 064915

Dear Mr. Ochoa:

This office has recently completed an audit of United Steelworkers Union (USW) Local 15540 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, USW Local 15540 President John Walski, and USW Local 15540 Vice President Eric Mailler on September 28, 2023, 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.

Record Keeping 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 USW Local 15540's 2020 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

USW Local 15540 did not retain adequate documentation for any reimbursed expenses

by all USW Local 15540 officers. For example, USW Local 15540 Financial Secretary Cesar Ochoa did not provide an itemized receipt with purchase prices for five watches from Kohl's, totaling \$1,207. Additionally, he did not provide the invoice for payment in full of \$321 to have the five watches engraved. Additionally, on April 2, 2020, former USW Local 15540 President Kevin Smith submitted a voucher for \$277.96 for "Flight for Convention." The voucher does not include any information regarding what convention the flight was for, where the convention was taking place, or the price of the ticket. Further, the union advised that no travel took place during the audit year because of the COVID-19 Pandemic.

Throughout the audit year, USW Local 15540 officers purchased at least \$944.25 in gift baskets and flowers for union members. There were only invoices for \$275.20 worth of those gift baskets. The reason behind the gift and the member for whom the gift was given was not always included on the voucher.

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. Meal Expenses

USW Local 15540 did not require officers to submit itemized receipts for meal expenses incurred in the union's name. For example, former USW Local 15540 President Smith provided receipts on March 10, 2020 for \$159.20, September 25, 2020 for \$174.92, and December 5, 2020 for \$256.27. The itemized receipt was not always included with the voucher. The union must maintain itemized receipts provided by restaurants to officers and employees. 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.

USW Local 15540 records of meal expenses did not include written explanations of union business conducted and at time contained the names, but not the titles of the persons incurring the restaurant charges. All receipts that were provided during the audit year did not include the written explanation of the union business. Further, the names on the back of the receipts were not legible. Union 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.

3. Lost Wages

USW Local 15540 did not retain adequate documentation for lost wage reimbursement payments to any union officer. During the audit year, former USW Local 15540 President Smith submitted vouchers that totaled \$5,823.41. USW Local 15540 Financial Secretary

Ochoa submitted lost time claims totaling \$4,328.16. The vouchers submitted did not always include the union purpose for the lost time expense. There also was no documentation to show that actual wages were lost. For example, on September 25, 2020, former USW Local 15540 President Smith submitted a voucher for 12 hours of lost wages at the rate of \$47.09 an hour with the explanation of “plan of officer meeting.” Smith was paid \$565.10 for the 12 hours but did not provide any documentation from the employer that wages were lost. Further, the officer meeting occurred on the same day of the lost wages incurred because a meal voucher was submitted with a timestamp on the payment receipt at 12:49PM. 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 USW Local 15540 retained vouchers that did not meet the requirement because it did not always identify what union business was conducted, the rate of pay, or the date of lost time. Some vouchers only contained the number of hours lost without any other information.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher USW Local 15540 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.

4. Information not Recorded in Meeting Minutes

During the audit, Mr. Ochoa advised OLMS that the membership authorized that all travel is discussed at membership meetings and authorized by the union membership. Further, it was stated that there was no travel during 2020 due to the COVID-19 Pandemic. During the audit year, the first membership meeting held was on June 12, 2020. The last membership meeting prior to the June 2020 meeting was held on December 7, 2019. Within the December 2019 membership meeting minutes, there was no discussion of any travel in the upcoming months for a convention. In April 2020, a voucher was submitted by former USW Local 15540 President Smith for a flight that did not identify any information for the union purpose or location. Since there was no membership meeting during the audit year prior to the April 2020 voucher, it does not appear that the union membership authorized this payment. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

5. Lack of Salary Authorization

USW Local 15540 did not maintain records to verify that the union officer salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was 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 USW Local 15540 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 USW Local 15540 for the fiscal year ended December 31, 2020, was deficient in that:

Disbursements to Officers

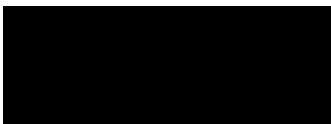
USW Local 15540 did not include some reimbursements to officers totaling at least \$453. It appears that the union under reported the expenses paid to former USW Local 15540 President Smith.

The union must report most direct disbursements to USW Local 15540 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).

I am not requiring that USW Local 1554 file an amended LM report for 2020 to correct the deficient item, but USW Local 15540 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to USW Local 15540 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,



Senior Investigator