

**U.S. Department of Labor**

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September 18, 2023

Mr. James DeBuque, Secretary Treasurer  
United Steelworkers of America  
Local 195  
2401 Old Shawnee Rd.  
Muskogee, OK 74403

Case Number: 420-6027376( )  
LM Number: 060255

Dear Mr. DeBuque:

This office has recently completed an audit of United Steelworkers of America (USW) 195 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 Treasurer Jon Hammons on September 8, 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.

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 195's 2022 records revealed the following recordkeeping violations:

1. Contributions, Gifts, and Grants

Local 195 did not maintain supporting documentation for the purchase of union of shirts, USW merchandise, door prizes, and other property it purchased, sold, or gave away or the distribution of them totaling at least \$10,455.77.

In addition, in the case of items purchased and given away to members, the union must maintain purchase receipts for all purchases and retain records that include the name of the member, the date received, the amount or item, and should include the signature of the member.

2. Reimbursed Expenses

Local 195 did not retain adequate documentation for reimbursed expenses totaling \$5,779.30 to officers for per diem, tolls, parking, and mileage.

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.

3. Lost Wages

Local 195 did not retain adequate documentation for lost wage reimbursement payments to President Paul Osborne, Financial Secretary James DeBuque, Treasurer Jon Hammons, Vice Presidents Kevin Smith and Mark Andres, and Recording Secretary Erin Ussery totaling at least \$15,646.06.

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 Local 195, maintained lost time vouchers completed and submitted by the individual requesting payment. However, officers failed to identify the union business being performed and provide supporting documentation to confirm the total hours of work missed and rates of pay. During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 195 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. Lack of Salary Authorization

Local 195 did not maintain records to verify that the 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.

#### 5. Information not Recorded in Meeting Minutes

During the audit, Mr. DeBuque advised OLMS that the membership authorized large disbursements at monthly meetings. However, the minutes of the meeting do not contain documentation of authorization for large disbursement, such as \$6,777.43 for the purchase of shirts and USW merchandise for the membership. Although the local holds executive board meetings monthly, the union did not maintain executive board meeting minutes. Minutes of all meetings must report any disbursement authorizations made at those meetings.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 195'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 Local 195 for the fiscal year ended December 31, 2022, was deficient in the following areas:

#### 1. Office and Administrative Expenses

Local 195 did not properly report disbursements in Item 48 (Office and Administrative Expenses). The accurate amount should have been \$18,498.26 for travel expenses paid directly to the carrier or hotel, union hall rent, internet, and office supplies.

Disbursements reported in Item 48 (Office and Administrative Expenses) should include the union's ordinary office and administrative expenses, for example, rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc. Also report all taxes assessed against and paid by your organization, including your organization's FICA taxes as an employer.

## 2. Other Disbursements

Local 195 did not properly report disbursements in Item 54 (Other Disbursements). The accurate amount should have been \$4,801.49 for officers' state and local taxes deducted from salary and lost time.

Disbursements reported in Item 54 (Other Disbursements) include amounts not reported in Items 45 through 53, and includes fees, fines, assessments, supplies for resale, repayments of loans obtained, transmittals of funds collected for third parties, educational and publicity expenses, withholding taxes, and payments for the account of affiliates and other third parties.

## 3. Contributions, Gifts, and Grants

Local 195 did not properly report door prizes, union shirts, and USW merchandise given to the membership in Item 51 (Contributions, Gifts, and Grants). The local reported \$150; however, the accurate amount was \$10,455.77.

## 4. Reimbursed Expenses

Local 195 did not report amounts reimbursed to officers for travel expenses, such as, mileage, per diem, and tolls in Item 24, Column E (Allowances and Other Disbursements) on the LM-3 totaling at least \$2,160.30 . The accurate amount for Osborne was \$1,682.00, \$102.80 for DeBuque, \$1,412.20 for Andrews, \$337.30 for Smith, \$1,907.70 for Ussery, and \$337.30 for Hammons.

The union must report most direct disbursements to Local 195 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).

## 5. Lost Time

Local 195 did not report lost time payments to officers totaling at least \$1,395.75, and did not report the name of Treasurer Jon Hammons in Item 24 (All Officers and Disbursements to Officers). The union must report these disbursements to officers in Item 24, Section D (Gross Salary) on the LM-3 and all persons who held office during the

year, regardless of whether they received any payments from the union. Lost time was under reported by \$73.08 for Andrews, over reported by \$104.92 for Smith, and not reported by \$599.76 for Hammons. The accurate amount for Andrews was \$7,591.20, \$796.08 for Smith, and \$599.76 for Hammons.

Local 195 was required to file an amended LM-3 for the fiscal year ended December 31, 2022, to correct the deficient items discussed above. The local has now filed an amended Form LM-3 for the fiscal year ended December 31, 2022.

I want to extend my personal appreciation to USW Local 195 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. Jon Hammons, Treasurer  
Mr. Paul Osborne, President