



Sent via email to usw@usw12-591.org

September 29, 2023

Mr. Scott Campbell, President
Steelworkers, AFL-CIO
Local 591
47 Alder Lane
Mount Vernon, WA 98273-2424

Case Number: 530-6027191()
LM Number: 019853

Dear Mr. Campbell:

This office has recently completed an audit of Steelworkers Local 591 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, Financial Secretary Erwin Rommel, and Office Manager Jasmyne Martinez on September 29, 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 591's 2022 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and General Reimbursed Expenses

Local 591 did not retain adequate supporting documentation for disbursements to vendors

and payments to you, Mr. Rommel, Office Manager Erin Jorgensen and Unit Chairs Ina Feenstra and Jarrett Wa'a totaling at least \$9100. For example, Local 591 failed to retain documentation for a \$1,000 check, check [REDACTED], issued to USW Local 13-243 on January 20, 2022, for "Contribution 01/2022." As another example, Local 591 failed to retain documentation for a \$1,000 check, check [REDACTED], issued to SteelClaw Mount Vernon Wrestling on December 1, 2022, for "Banner Sponsorship 2022-2023 season." As another example, Local 591 failed to retain adequate supporting documentation for a \$275 reimbursement to Mr. Rommel on August 1, 2022, for WSLC registration fees, included in check [REDACTED]. In support of this expense, Local 591 only retained an expense voucher, which is not sufficient.

The union needs to keep sufficient supporting documentation, which includes the date, the expense amount, the business purpose, and the vendor's name for all disbursements. I also advised that if a receipt is not available or it is lost, then the vendor's name, the vendor's contact information, the date, the amount, what was purchased, and the business purpose should be recorded on a handwritten receipt. The president and treasurer (or corresponding principal officers), who are responsible for signing your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 591 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$771. Additionally, Local 591 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the names of those present at a new hire orientation lunch totaling \$353.07, reimbursed to Ms. Feenstra on 12/01/2022, included in check [REDACTED], were not recorded on the receipt or corresponding voucher, and the receipt was not itemized.

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. 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. Reimbursed Auto Expenses

Union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$360 during 2022. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

4. Disposition of Property

Local 591 did not maintain an inventory of hats, stickers, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28. The union must record in at least one record the date and amount received from each sale of union hats, stickers, and other items.

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.

5. Lost Wages

Local 591 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$3,313. 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 591 officers did not always identify on the lost wage vouchers the union business conducted or the hours lost each day.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 591 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.

Based on your assurance that Local 591 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-2) filed by Local 591 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 591 did not include some reimbursements to officers and employees totaling at least \$1,287 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

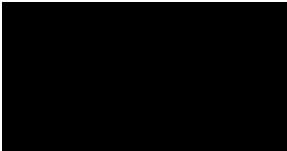
2. Acquire/Dispose of Property

Item 15 (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 gave away jackets and watches totaling more than \$500 during the 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.

I am not requiring that Local 591 file an amended LM report for 2022 to correct the deficient items, but Local 591 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers Local 591 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. Erwin Rommel, Financial Secretary
Ms. Jasmyne Martinez, Office Manager