



November 9, 2023

Brett Stewart, President  
Boilermakers, AFL-CIO Lodge 1509  
PO Box 100437  
Cudahy, WI 53110

Case Number: 320-6026343( )  
LM Number: 037874

Dear President Stewart:

This office has recently completed an audit of Boilermakers Lodge 1509 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 November 7, 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 Lodge 1509's 2022 records revealed the following recordkeeping violations:

1. Disposition of Property

The audit revealed that Lodge 1509 did not maintain an inventory of tee-shirts, hats, and calendars it gave away during the audit year. Lodge 1509 also did not maintain records that identified persons who received the items, the date the items were given away, or the quantity of the items (and their value) that were on hand at the beginning and end of the year. Additionally, Lodge 1509 failed to retain adequate records for gift cards it gave away at its December 2021 meeting and gas cards it gave to members that attended the Boilermakers Virtual Convention. The audit revealed that Lodge 1509 purchased gift cards totaling \$469.80 and gas cards totaling \$219.80 and did not maintain adequate records that identify the recipients of the gift and gas cards that were given away.

Records must be retained which account for all union property. In the case of gift cards, tee-shirts, or other items given away to members, records must be maintained to clarify and support information required to be reported by Lodge 1509 in Statements A (Assets and Liabilities) and B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-3). The values of any tee-shirts, hats, calendars, or similar property on hand at the beginning and end of the year must be reported in Item 30 (Other Assets). In addition, the type and value of any property received or given away must be identified in the additional information section of the Form LM-3 report with the identity of the recipient(s) of such property.

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.

2. Disbursements to Vendors and General Reimbursed Expenses

Lodge 1509 did not retain adequate documentation for disbursements to vendors and payments to Committeeman Kyle Musurlian and Steward Tyler Straehl totaling at least \$5,313. For example, no receipt was retained for a \$48.44 debit card charge Lodge 1509 made at Qdoba on July 23, 2021 for lunch for members attending a virtual convention that day. In support of this expense, Lodge 1509 only retained a bank statement, which is not sufficient.

As another example, Committeeman Musurlian received reimbursement for business use of their personal vehicle but did not maintain adequate documentation to support a \$114.66 payment to them. The only supporting documentation retained by Lodge 1509 for this payment to Committeeman Musurlian was a check stub, which is not sufficient. 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.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees

must be retained. 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. 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. 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. Failure to Retain Carbon Copies of Checks

At the opening interview, former Secretary-Treasurer Kyle Hinson stated that all of Lodge 1509's check carbons were destroyed because they were unreadable. Voided and unused checks, as well as all carbon copies of the checks issued by the union, are required to be retained to verify, clarify, and support the information reported by labor organizations on LM reports. As a general rule, all types of records created or used in the normal course of doing union business must be maintained by the union for five years.

### 4. Lost Wages

Lodge 1509 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$18,068. 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 Lodge 1509 did not retain vouchers or any other detailed records for the lost wages incurred by its officers and employees.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Lodge 1509 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 Lodge 1509 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 Lodge 1509 for the fiscal year ended June 30, 2022 was deficient in the following areas:

1. Acquire/Dispose 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 gave away gift cards, gas cards, hats, tee-shirts, and calendar books totaling more than \$5,675 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.

2. Fund Transfers Reported as Receipts and Disbursements

The audit revealed that Lodge 1509 transferred \$15,000 from its checking account to a certificate of deposit account it opened during the audit period. Lodge 1509 erroneously reported these transfers as both receipts and disbursements in Statement B (Receipts and Disbursements) of the LM-3 Report.

The purpose of Statement B is to report the flow of cash in and out of your organization during the reporting period. Transfers between separate bank accounts do not represent the flow of cash in and out of your organization. Therefore, these transfers should not be reported as receipts or disbursements of your organization.

3. Professional Fees

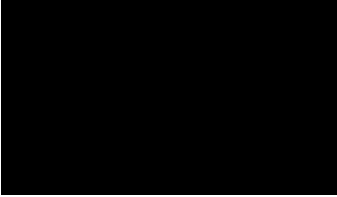
Lodge 1509 did not properly report the disbursements it made for professional fees during the reporting period in Item 49 (Professional Fees). The audit revealed that Lodge 1509 made disbursements for professional fees totaling \$2,273 during the year; however, the total amount reported in Item 49 was \$5,591.

The union must report the total disbursements it made during the reporting period for "outside" legal and other professional services (auditing, economic research, computer consulting, arbitration, etc.) in Item 49. The amount should include any disbursements made for the expenses of individuals or firms providing professional services to your organization. Do not include direct and indirect disbursements to officers and employees which must be reported in Items 45 (Cash Disbursements to Officers) and 46 (Cash Disbursements to Employees).

I am not requiring that Lodge 1509 file an amended LM report for 2022 to correct the deficient items, but Lodge 1509 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Boilermakers Lodge 1509 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: Kenneth Webber, Treasurer