



February 22, 2024

Debra Donnelly, Treasurer  
Steelworkers Local 1053  
601 W Easy Street  
Rogers, AR 72756

Case Number: 420-6027623( )  
LM Number: 067420

Dear Debra Donnelly:

This office has recently completed an audit of Steelworkers (USW) Local 1053 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 yourself, President Darrell Reaves, and Vice President Thressa Newell, on February 20, 2024, 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 1053's 2022 records revealed the following recordkeeping violations:

1. Failure to Record Receipts  
Local 1053 failed to maintain records that adequately identify the source of receipts. For example, the local received \$3,217.88 in insurance over-payment refunds and \$16,179.37 in membership dues. Union receipts records must be maintained and

include an adequate identification of all money the union receives, and the records should show the date, amount received, and the source of the money.

2. Information not Recorded in Meeting Minutes

During the audit, Treasurer Donnelly advised OLMS there were at least two E-Board and Membership meetings held in 2022. The minutes of all Membership or Executive Board meetings must report what was discussed and any disbursement authorizations made at those meetings. Local 1053 failed to provide meeting minutes for months when meetings were held.

3. Cancelled Checks

Local 1053 failed to maintain a copy of the cancelled checks. The local ordered the checks after being notified of the compliance audit. The union must maintain a copy of all cancelled checks for all disbursements made by check. 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.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 1053'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 Violation

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 1053 for the fiscal year ended December 31, 2022, was deficient in the following areas:

Erroneously Reported Receipts

Local 1053 reported several receipts under the wrong item number on their 2022 LM-3 report. For example, all insurance over-payment refunds, totaling \$3,217.88 for the audit year, were placed in Item 38 (Dues), when they should have been reported in Item 43 (Other Receipts) and explained in Item 56 (Additional Information).

I am not requiring that Local 1053 file an amended LM report for 2022 to correct the deficient items, but Local 1053 has agreed to implement better recordkeeping procedures and to properly report the deficient items on all future LM reports it files with OLMS.

I want to extend my personal appreciation to USW Local 1053 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. Darrell Reaves, President