



December 4, 2023

Mr. Fernando Garcia, Financial Secretary
Steelworkers Local 164B
888 98th Avenue, Suite 101
Oakland, CA 94603

Case Number: 530-6026937()
LM Number: 007058

Dear Mr. Garcia:

This office has recently completed an audit of Steelworkers Local 164B 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 and President Jose Ortiz on December 15, 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 164B's 2022 records revealed the following recordkeeping violations:

1. Failure to Record Disbursements

The union failed to subtract payroll taxes from its running balance, which was \$9,535.53 higher than the bank balance. An adjusting entry of -\$9,902.27 was made to align the account with the bank balance.

Check [REDACTED] for \$869.94 was not entered into the union ledger. This was a payroll check to Financial Secretary Fernando Garcia.

The union did not have receipts or other supporting documentation for \$708.93 in credit card disbursements. These appeared to be legitimate union expenses for meals, \$163.66, at a conference and one expense for \$545.27 was an airline flight to the union conference.

The union disbursed 17 gift cards, totaling \$850, to members at raffles at membership meetings. The union did not record who received the gift cards in its meeting minutes or other documentation.

2. Lack of Salary Authorization

The union did not have a policy or other documentation regarding additional pay for the secretary-treasurer, which was not in the local's bylaws. During the audit, the secretary-treasurer wrote a wage agreement, and officers and members signed it at a membership meeting.

Reporting Violation

Underreported Officer Salary

Financial Secretary Fernando Garcia's salary was underreported in the 2022 LM-3 union report as \$24,748 but his actual salary was \$27,139. This was a difference of negative \$2,391.

Based on your assurance that Local 164B will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Local 164B 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,

[REDACTED]

Investigator