



June 14, 2010

Mr. Robert Goodermont, President  
Steelworkers AFL-CIO Local 2175  
8609 Lyndale Avenue South  
Bloomington, MN 55420

Case Number: [REDACTED]  
LM Number: 030110

Dear Mr. Goodermont:

This office has recently completed an audit of Steelworkers, AFL-CIO Local 2175 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 Financial Secretary Timothy Burk on May 25, 2010, 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 2175's 2009 records revealed the following recordkeeping violations:

1. Reimbursed Internet Expenses and General Expenses

Former Financial Secretary Allen Berg and Financial Secretary Timothy Burk were reimbursed for personal internet expenses totaling at least \$593. However, Mr. Berg and Mr. Burk failed to submit any supporting documentation to Local 2175 to support those expenses.

Additionally, Local 2175 did not retain adequate documentation for various union disbursements totaling approximately \$2,301. For example, the local paid \$566 to the AmericInn in Virginia, MN for what the voucher indicates was for officer's lodging to attend Nova Software Training in February 2009. However, Local 2175 did not retain a receipt to support the payment to the AmericInn. In another example the branch paid \$472 to RTW, Inc for what the voucher indicates was for workers compensation insurance; however, Local 2175 did not did not retain an invoice for the expense.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Receipts Records

Entries of money received were occasionally not recorded in the receipts journal in the month they were actually received. In some instances, receipts received during one month are noted as having been received the following month. Financial Secretary Burk stated this is because the bank statement cut-off date is not on the last day of the month, and Local 2175 reconciles its books to the bank statements. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 2175 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 Local 2175 for the fiscal year ended December 31, 2009, was deficient in the following area:

## Disbursements to Officers

Local 2175 did not list former President Allen Berg and the total amounts of payments to him in Item 24 (All Officers and Disbursements to Officers). Mr. Berg held office as president until May 2009 and then became a union steward. He received a monthly salary for both positions during the audit year. The local's check register indicates that Mr. Berg received at least \$2,400 in salary and \$780 in reimbursed expenses. However, he was not reported as a past officer in Item 24. All persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union.

Additionally, Local 2175 did not include reimbursements to officers totaling at least \$1,326 in the amounts reported Item 24 (All Officers and Disbursements to Officers) for some officers. As noted above, Mr. Berg received at least \$780 in reimbursed expenses. However, nothing was reported in Column E (Allowances & Other Disbursements) of Item 24. Additionally, Mr. Burk received at least \$856 in reimbursed expenses. However, \$318 was reported next to his name in Column E (Allowances & Other Disbursements) of Item 24. In both instances, it appears these payments were erroneously reported Item 48 (Office and Administrative Expenses) and/or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 2175 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).

I am not requiring that Local 2175 file an amended LM report for 2009 to correct the deficient items, but Local 2175 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, AFL-CIO Local 2175 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. Timothy Burk, Financial Secretary

Mr. Robert Goodermont

May 25, 2010

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