

**U.S. Department of Labor
Office of Labor-Management Standards**

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April 22, 2014

Ms. Linda Doppe, Financial Secretary
Steel Workers Local 1440
677 Cumberland St.
Pittsburg, CA 94565

Case Number: 530-6000693
LM Number: 027897

Dear Ms. Doppe:

This office has recently completed an audit of Steel Workers Local 1440 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 April 22, 2014, 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 1440's 2013 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 1440 did not require officers and employees to submit itemized receipts for meal expenses totaling nearly \$1,000. 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.

Local 1440 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, check number [REDACTED], dated December 20, 2013 for \$59.33, was paid to Doppe to reimburse her for lunch provided to “new hires medical”. A receipt from the restaurant in the amount of \$59.33 for five meals was attached to the voucher. The names of the five individuals were not noted on the restaurant receipt. 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.

2. Reimbursed Auto Expenses

Treasurer Sebastian Enea Jr. who received reimbursement for business use of his personal vehicles did not retain adequate documentation to support payments totaling at least \$300 during 2013. 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.

Based on your assurance that Local 1440 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 1440 for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 [LM-3] (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 t-shirts and gift cards totaling more than \$750 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. Disbursements to Officers

Local 1440 did not include some reimbursements to officers totaling nearly \$4,000 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48. The must report direct disbursements in Item 24, except reimbursements to an officer for the purchase of investments or fixed assets which must be reported in Item 52.

3. Purchase of Fixed Assets

Local 1440 did not include report all fixed assets purchased on line 53 of the LM-3 Report. Local 601 reported \$421 in purchase of fixed assets but the reported amount should be \$1,657.

4. Office and Administrative Expenses

Local 1440 included direct disbursement to officers which must be reported in items 45 and 46. Financial Secretary Doppe was directly reimbursed nearly \$4,000 in expenses which should not be included on line 48 of the LM-3 Report.

I am not requiring that Local 1440 file an amended LM report for 2013 to correct the deficient items, but Local 1440 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steel Workers Local 1440 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,



Senior Investigator

cc: Mr. Sebastian Enea Jr., Treasurer