



January 31, 2018

Mr. Michael Tucker, President
Steelworkers Local 787L
1210 Towanda Ave., Suite 19
Bloomington, IL 61747-7415

Case Number: 310-6011898
LM Number: 063797

Dear Mr. Tucker:

This office has recently completed an audit of Steelworkers Local 787L 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 Vice President Robert Grass on January 18, 2018, 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 787L's 2016 records revealed the following recordkeeping violations:

1. Officer and General Union Expenses

Local 787L did not retain adequate supporting documentation for at least eleven disbursements for officer expenses (\$473.00) and general union expenses (\$10,702.00) totaling approximately \$11,175.00. For example, the union did not retain a receipt for holiday hams that were purchased at Kroger for \$8,294.63. In addition, the union did not maintain a list of the full names and titles of all persons who incurred \$248.02 in restaurant charges during two stewards' breakfasts, reimbursed to you via union check.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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.

2. Failure to Record Receipts

Local 787L did not record in its receipts records the names, dates, and receipt amounts for individuals who purchased union t-shirts from the local totaling approximately \$698.76. Union receipt records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Local 787L 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 787L for the fiscal year ended December 31, 2016, 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 hams, shirts, and lapel pins totaling more than \$8,000.00 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. Audit/Review of Books

Item 14 (Have an audit or review of its books and records by an outside accountant or by a parent body auditor or representative?) should have been answered, "Yes," because the union advised during the CAP opening interview that United Steelworkers auditors review the union books every March before submission of the LM-3 to OLMS.

3. Disbursements to Officers

Local 787L did not properly report reimbursements to officers in the amounts reported in Item 24E (All Officers and Disbursements to Officers – Allowances and Other Disbursements). It appears the union erroneously reported approximately \$829.00 in reimbursements to Treasurer Scott Hammel in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements). Also, it appears that the amounts reported in Item 24E for you and Financial Secretary David Hymbaugh were over-reported by approximately \$340.00 in total.

In addition, Local 787L did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 787L 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).

4. Value of Other Assets at Beginning and End of Year

Local 787L did not correctly report the value of apparel that it had on hand at the start of the reporting period and the end of the reporting period in Item 30 (Other Assets). OLMS was informed during the CAP opening interview that Local 787L had apparel for sale in the union office at the start and end of the reporting period. The LM-3 instructions require that the local report in Item 30 (Other Assets) the value of all assets not reported in Items 25 through 29.

5. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 787L amended its constitution and bylaws in 2013, but did not file a copy with its LM report for that year. Local 787L has now filed a copy of its constitution and bylaws.

I am not requiring that Local 787L file an amended LM report for 2016 to correct the deficient items, but Local 787L 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 Local 787L 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. Scott Hammel, Treasurer