



March 13, 2018

Mr. Chris Dockett, President  
Steelworkers Local 898  
P.O. Box 8002  
Pine Bluff, AR 71611

Case Number: 420-6012329  
LM Number: 026489

Dear Mr. Dockett:

This office has recently completed an audit of Steelworkers (USW) Local 898 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 Treasurer Tommie Arrington on March 8, 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 898's 2016 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

During the audit year, all reimbursed expense payments made to officers were combined with lost wages. Check memos of at least five payments to President Tommie Arrington did not indicate the specific amount of reimbursed expenses. Local 898 did not retain adequate documentation for reimbursed expenses incurred by President Tommie

Arrington. For example, the memo of check [REDACTED] in the amount of \$1,364.23 dated November 14, 2016 stated that the purpose of this check was “lost wages & gas lunch, travel.” There was no breakdown of this payment and no supporting documentation of the claimed expenses.

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. Lost Wages

Local 898 did not retain adequate documentation for lost wage reimbursement payments to President Tommie Arrington totaling at least \$42,224.49, to Vice President Chris Dockett totaling at least \$10,778.75, or to Recording Secretary Vicky (Ladd) Walters totaling at least \$181.01. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 898 failed to maintain any record of lost wage payments other than the cancelled checks and an incomplete Excel spreadsheet.

During the exit interview, I provided a compliance tip sheet, Union Lost Time Payments, that contained a sample of an expense voucher Local 898 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

## 3. Payroll Documents

Local 898 did not retain payroll tax documents for Local 898 or Local 898 officers for payroll of at least \$53,184.25 for fiscal year 2016. Section 2016 of the LMRDA requires that unions retain all records in support of their annual LM reports for at least five years.

## 4. Lack of Salary Authorization

Local 898 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were authorized and therefore were correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 898'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

#### Failure to File LM-3

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, within 90 days after the end of the union's fiscal year. Local 898 failed to file their 2016 LM-3 report in a timely manner, by March 30, 2017.

On March 1, 2018, Local 898 filed their 2016 LM-3 report electronically. However, only one officer signed the report. Two officers must sign the report. Local 898 officers agreed to have two officers sign future electronic reports.

### Other Issues

#### 1. Payments to Officers

Local 898 currently has a practice of paying Local 898 officers "lost wages" at their employer pay rate for all time spent working on union business including during nonworking hours and their days off. This practice conflicts with USW International's Constitution and policy and the USW Financial Officers Manual which states that local officers are only paid for working on union business when they lose time from work, unless they have local bylaws that have been approved by USW International that specify paying local officers "union office hours" at a specified rate that is not their employer rate. Local 898 must develop a separate (lower) pay rate, policy, and practice if they want to continue paying officers to work on union business outside of their working hours. That policy/practice would be separate from paying officers lost wages when they lose time from work to work on union business.

#### 2. Local Bylaws

Local 898 does not have any local bylaws. OLMS recommends that Local 898 create local bylaws that states the makeup of Local 898's Executive Board and their policies and practices, and get the proper approvals from USW.

#### 3. Expenses Greater than Income

In 2016, Local 898's income was \$36,096, and their expenditures were approximately \$59,448. Therefore, Local 898 overspent by \$20,000. OLMS recommends that Local 898 create a budget and closely monitor their spending in order for Local 898 to not spend more than they bring in, which reduces the union's assets.

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I want to extend my personal appreciation to USW Local 898 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. Mario Giron, USW International Auditor  
Mr. Clyde Daily, USW International Representative  
Tommie Arrington, Local 898 Treasurer  
Vickie Ladd, Local 898 Recording Secretary