



August 21, 2018

Mr. Larry Alger, President
Boilermakers, AFL-CIO, Lodge 696
P. O. Box 221
Marinette, WI 54143

Case Number: 320-6012655 [REDACTED]
LM Number: 004307

Dear Mr. Alger:

This office has recently completed an audit of Boilermakers AFL-CIO Lodge 696 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, Secretary-Treasurer Mark Staudenmaier, and Chairman of Trustees Bromley Carlson on August 17, 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 the Lodge 696's 2017 records revealed the following recordkeeping violations:

1. Reimbursed Auto Expenses

Former President Anthony Guarisco and Bargaining Committee Member [REDACTED] received reimbursement for business use of their personal vehicles but did not retain adequate documentation to support payments to them totaling at least \$430 during the audit

period. Mr. Guraisco's mileage reimbursement was claimed on an expense voucher that identified the location traveled to, the total mileage expense, the total miles driven, and the union business conducted; however, the expense voucher was insufficient because it failed to identify the location traveled from, the dates of travel, and the number of miles driven each day. [REDACTED] mileage reimbursement was claimed on an expense voucher that identified the dates of travel, the location traveled to, the total mileage expense, the total miles driven, and the union business conducted; however, the expense voucher was insufficient because it failed to identify the location traveled from and the number of miles driven each day. 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.

2. Lost Wages

Lodge 696 did not retain adequate documentation for lost wage reimbursement payments to Mr. Guarisco, [REDACTED], Vice President Scott Sauve, and Bargaining Committee Member [REDACTED] totaling at least \$4,069 during the year. 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 audit found that the union retained vouchers for lost wage reimbursements, but in some instances the vouchers were not sufficient because Mr. Guarisco, [REDACTED], Mr. Sauve, and [REDACTED] did not always identify each date lost wages were incurred, the number of hours lost on each date, or adequately describe the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* that contained a sample of an expense voucher Lodge 696 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. Disposition of Property

The audit revealed that Lodge 696 did not maintain an inventory of tee-shirts, hats, and sweat shirts it sold or gave away during the audit period. While Lodge 696 retained records that identify persons who received the tee-shirts, hats, and sweat shirts, it did not maintain records that identified the date the tee-shirts and hats were sold or given away or the items (and their value) that were on hand at the beginning and end of the year. Records must be retained which account for all union property. In the case of tee-shirts, hats, sweat shirts, or other items sold or given away to members, records must be maintained to clarify and support information required to be reported by Lodge 696 in Statements A (Assets and Liabilities) and B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-2). The value of any tee-shirts, hats, sweat shirts, or similar property on hand at the beginning and end of the year should be reported in Item 28 (Other Assets). In addition, the type and value of any property received or given away must be identified in the

additional information section of the Form LM-2 report with the identity of the recipient(s) or donor of such property.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

4. Failure to Record Receipts and Receipt Dates not Recorded

The audit revealed that Lodge 696 did not adequately record in its receipts records income received from what appears to be “back dues” payments totaling at least \$81 during the audit year. In addition, entries in Lodge 696’s trustees’ quarterly audit reports reflect the date the union deposited money, but not the date money was received for receipts from the sale of hats and tee-shirts totaling at least \$631. Union receipts records must show the date of receipt.

Union receipts 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. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B of the LM-2. The LM-2 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 696 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(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. Lodge 696 amended its bylaws in 2017, but did not file a copy with its LM report for that year. Lodge 696 has now filed a copy of its current bylaws.

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-2) filed by Lodge 696 for fiscal year ended June 30, 2017 was deficient in the following areas:

1. Disbursements to Officers and Employees

Lodge 696 did not include reimbursements to Mr. Guarisco and Mr. Staudenmaier totaling at least \$3,955 in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers), Column F (Disbursements for Official Business). Lodge 696’s disbursements records indicate that Mr. Guarisco and Mr. Staudenmaier received reimbursed expenses

totaling \$3,955; however, the total amount reported in Column F of Schedule 11 for Mr. Guarisco and Mr. Staudenmaier was \$0. It appears that the union erroneously reported the payments to these officers in Schedule 18 (General Overhead).

In addition, Lodge 696 erroneously reported Trustee Elizabeth Kollman and the total amount of payments to her or on her behalf in Schedule 12 (Disbursements to Employees), rather than in Schedule 11. The union must report in Schedule 11 all persons who held office during the reporting period and the full amount paid to them.

The union must report in Column F of Schedules 11 and 12 direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Acquire/Dispose of Property

Item 15 (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 Lodge 696 gave away at least four retirement watches and an unknown number of hats, tee-shirts, and can cozies during the year. The union must identify the type and value of any property received or given away in Item 69 (Additional Information) 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.

Other Issue

Overpayment of Reimbursed Expense

A review of Lodge 696's records revealed that Mr. Staudenmaier traveled from July 16, 2016 to July 23, 2016 to attend the 2016 Boilermakers Convention in Las Vegas, Nevada and claimed eight days of per diem at the rate of \$265 per day for this trip; however, it appears that he was only entitled to receive per diem at a rate of \$250 per day and may have received at least two extra days of per diem for the convention, which took place from July 18, 2016 to July 21, 2016. At the exit interview, Mr. Carlson indicated that he and the other trustees will review Mr. Staudenmaier's per diem payment for this trip in detail and determine how much, if any, Mr. Staudenmaier should reimburse Lodge 696. Mr. Staudenmaier stated that any overpayment he

may have received was due to an honest error on his part and agreed to reimburse Lodge 696 for any overpayment he may have received. OLMS recommends a careful review of expense vouchers as this can help ensure adequate internal controls and safeguard union assets. If any repayment is made to Lodge 696, I would appreciate it if you would provide evidence of that payment to me.

I want to extend my personal appreciation to Boilermakers Lodge 696 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,

A black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Mark Staudenmaier, Secretary-Treasurer
Mr. Bromley Carlson, Chairman of Trustees