



December 5, 2019

Mrs. Jamie Reid, Treasurer
United Steelworkers Union Local 1146
[REDACTED]
Lebanon, OR 97355

Case Number: 530-6017075 [REDACTED]
LM Number: 067946

Dear Mrs. Reid:

This office has recently completed an audit of United Steelworkers Union (USW) Local (LU) 1146 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 on December 5, 2019, 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 LU 1146 2018 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

LU 1146 did not retain adequate documentation for reimbursed credit card expenses incurred by the LU 1146 president totaling at least \$2,228.29. For example, LU 1146 check # [REDACTED] to Chase for \$2,128.30 dated July 31, 2018 described a purchase of USW retiree coats and watches. However the records failed to include the number of items

purchased and failed to include the names of the retired members who received these purchased items as gifts.

2. Receipt Dates not Recorded

Entries in LU 1146's electronic records reflect the date the union deposited money, but not the date the money was received. 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.

3. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that LU 1146's March 11, 2010 Bylaws on file are current, which notes Article V, Section 1:

"All disbursements of Union funds, other than those covered by these Bylaws, must be approved by majority vote at two (2) meeting of the Local Union. Any amount totaling over five hundred dollars (\$500) must be approved in accordance with Article XI, Section 3: "Meetings: a quorum of five (5) members of the executive board shall be required to conduct the transaction of any business."

LU 1146 failed to maintain meeting minutes to reflect approval by LU 1146 members majority vote, expenses that exceeded \$500, which included two LU 1146 checks dated July 27, 2018 paid to Bank of America, check # [REDACTED] for \$592.80 and Check # [REDACTED] for \$558, to reimburse LU 1146 Standing Committee Officer expenses.

4. Lost Wages

Local 1146 did not retain adequate documentation to verify disbursements made to union officers for work performed outside of the LU 1146 "lost time" policy. Specifically, LU 1146 paid President Ronald Reid \$186.49 for 8.5 hours worked on February 28, 2019. The voucher for this disbursement reflected the disbursement was for "lost time," but the payment was for union work performed by Ronald Reid during off duty personal time. The union must maintain records in support of lost wage claims, including 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 union must also maintain records that identify and distinguish LU 1146 disbursements for lost wages from disbursements for union work performed while the officer is "off duty" or on "personal time."

Based on your assurance that Local 1146 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 LU 1146 for the fiscal year ended December 31, 2018 was deficient in the following areas:

1. Disbursements to Officers (LM-3)

The union must report most direct disbursements to Local 1146 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).

Disbursements to a LU 1146 officer's personal credit card credit must be reported next to the officer's name. For example, LU 1146 check payments to the president and standing committee officers' personal credit card accounts is to be reported in Item 24 next to each officer's name, respectively.

Based on your assurance that LU 1146 will properly report the above aforementioned items in the future, OLMS will take no further enforcement action at this time regarding the above reporting violations.

I want to extend my personal appreciation to United Steelworkers Union LU 1146 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