



April 24, 2020

Kathleen LaFlash, President
United Steelworkers of America, Local 12004
[REDACTED]

Case Number: 110-6014225 [REDACTED]
LM Number: 045389

Dear Ms. LaFlash:

This office has recently completed an audit of Steelworkers Local 12004 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, Treasurer Dineen Dubuque, and Financial Secretaries Susan Adamski and Catherine Signorine on April 22, 2020, 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 12004's 2018 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 12004 did not retain adequate documentation for the reimbursed expense of Catherine Signorine, who purchased a \$250 gift card to be awarded in the District 4 Educational Conference raffle. The union retained a receipt for this purchase, but the records do not identify the recipient of the gift card.

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-3 report, are responsible for properly maintaining union records.

2. Lost Wages

Local 12004 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$27,817. 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 12004 kept the required records about lost time dates, hours, and rates of pay, but did not keep any records about the nature of the union business conducted.

I have enclosed with this letter a compliance tip sheet, *Union Lost Time Payments*, that contains a sample of an expense voucher Local 12004 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.

Based on your assurance that Local 12004 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

1. Disbursements to Officers

Local 12004 did not include indirect wages to officers totaling at least \$27,817 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The local paid the employer for such lost wages and reported these payments in Item 54 (Other Disbursements).

Local 12004 should report the lost wages initially paid by the employer, and later reimbursed, in Item 24, Column D, next to the officers' names who received these wages, and also at Item 45. An explanation of these gross wages should be included in Item 56 (Additional Information).

The union must also report most direct disbursements to Local 12004 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).

2. 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 12004 amended its bylaws at some point in the past (the version provided to OLMS is undated), but did not file a copy with its LM-3 report for that year.

Local 12004 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 12004 file an amended LM-3 report for 2018 to correct the deficient items, but Local 12004 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Expense and Lost-time Reimbursement Policies

As I discussed during the exit interview, the audit revealed that Local 12004 does not have a clear policy regarding reimbursement to officers for expenses and lost time. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Undated Bylaws

The audit disclosed that Local 12004 has filed an undated copy of its bylaws with its LM-3 report. The absence of a date makes it impossible for anyone relying on this document to be certain of its validity. OLMS recommends that unions adopt and file dated constitutions and bylaws.

I want to extend my personal appreciation to Local 12004 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,

[REDACTED]

[REDACTED]

Investigator

Attachment:

Compliance Tip Sheet - Union Lost Time Payments

cc: Dineen Dubuque, Treasurer
Catherine Signorine, Financial Secretary
Susan Adamski, Former Financial Secretary