U.S. Department of Labor

Office of Labor-Management Standards
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May 22, 2020

Mr. Wallace Hardin, President
Steelworkers Local 9
27087 Oakmead Drive
Perrysburg, OH 43551

Case Number: 350-6017352█
LM Number: 019-523

Dear Mr. Hardin:

This office has recently completed an audit of Steelworkers Local 9 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, Financial Secretary Lucinda Bostelman, and Connie Zouhary, CPA on March 4, 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 9's 2018 records revealed the following recordkeeping violations:

Lack of Salary Authorization

Local 9 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 report was the authorized amount and therefore correctly reported. The union must keep a record, such as meeting minutes recorded at the beginning of

each year, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on the assurance from Financial Secretary Lucinda Bostelman that Local 9 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

<p align="center">Reporting Violations</p>

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 LM-3) filed by Local 9 for the fiscal year ended December 31, 2018, was deficient in that:

Under Reporting Total Receipts and Total Disbursements

The union's beginning and ending cash balances reported in Item 25 (Cash) balance to the union's books after reconciliation to the bank statements. However, the OLMS audit revealed that total cash receipts and total cash disbursements reported on Statement B of the LM-3 report are not the total receipts and total disbursement figures for the year 2018 according to the union's books after reconciliation to the bank statements. Total receipts calculated in Item 44 were under reported by $2,108.00 and total disbursements calculated in Item 55 were under reported by $2,050.00.

Under Statement B of the instructions, receipts must be recorded when funds are actually received by the labor organization and disbursements must be recorded when funds are actually paid out by the organization.

I am not requiring Local 9 to file an amended LM report for 2018 to correct the deficient items, but Local 9 has agreed to properly report the deficient items on all future reports it files with OLMS.

<p align="center">Other Violations</p>

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.
The audit revealed that Local 9's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 9 obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

During the audit, Financial Secretary Lucinda Bostelman advised OLMS that it is Local 9's practice for her to sign all union checks she writes and to stamp the signatures of the union's president and vice president to the checks. The union's three-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second and third signer does not attest to the authenticity of the completed check, and negates the purpose of the three-signature requirement. OLMS recommends that Local 9 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Steelworkers Local 9 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: Ms. Lucinda Bostelman, Financial Secretary
     Ms. Connie Zouhary, CPA