



May 20, 2020

Mr. Michael Mahoney, Financial Secretary
United Steelworkers of America LU 12-8618
PO Box 831
Denison, TX 75021

Case Number: 420-6018047
LM Number: 510226

Dear Mr. Mahoney:

This office has recently completed an audit of United Steelworkers of America LU 12-8618 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, President Chad Warden, and Treasurer Brian Knowles on April 17, 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 United Steelworkers of America LU 12-8618's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

United Steelworkers of America LU 12-8618 did not retain adequate documentation for a reimbursed expense incurred by President Chad Warren totaling at least

\$748.18. The voucher for the travel reimbursement did not contain a receipt for the hotel expense. The union will request a receipt from the hotel to be included in the union's records.

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. Gift Card Recipients

United Steelworkers of America LU 12-8618 failed to maintain a list of the five recipients who received a \$50.00 gift card. The union must maintain records that identify the date the gift card or other item given away and the recipients of the items.

3. Lack of Salary Authorization

United Steelworkers of America LU 12-8618 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was 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.

4. Professional Fees

United Steelworkers of America LU 12-8618 failed to maintain supporting documents for professional fees in the amount of \$1,478.01 paid to [REDACTED] for arbitration services. 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.

Based on your assurance that United Steelworkers of America LU 12-8618 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 United Steelworkers of America LU 12-8618 for the fiscal year ended December 31, 2019, was deficient in that:

Disbursements to Officers

United Steelworkers of America LU 12-8618 did not include a reimbursements to Vice President Keith Simmons totaling at least \$271.07 on Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 51.

The union must report most direct disbursements to United Steelworkers of America LU 12-8618 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).

I am not requiring that United Steelworkers of America LU 12-8618 file an amended LM report for 2019 to correct the deficient items, but United Steelworkers of America LU 12-8618 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to United Steelworkers of America LU 12-8618 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: Mr. Chad Warden, President
Mr. Keith Simmons, Vice President
Mr. Brian Knowles, Treasurer