



August 28, 2020

Mr. Robert Brown, President
Steelworkers, AFL-CIO Local 96
E10538 Carmody Rd.
Munising, MI 49862

Case Number: 320-6018836 [REDACTED]
LM Number: 030203

Dear Mr. Brown:

This office has recently completed an audit of Steelworkers Local 96 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 Treasurer Ken Cornish on August 25, 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 96's 2019 records revealed the following recordkeeping violations:

1. Lost Wages and Reimbursed Auto Expenses

Local 96 did not retain adequate documentation for a \$282.78 reimbursement to Women of Steel Coordinator [REDACTED] for lost wages and business use of her personal vehicle. The audit revealed that [REDACTED] received a \$282.78 reimbursement check for lost

wages and business use of her personal vehicle on January 24, 2019; however, Local 96 did not maintain a voucher or any other supporting documentation for this payment.

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 being conducted. Additionally, the union must maintain records in support of mileage claims that 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. Lack of Salary Authorization

Local 96 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore correctly reported. During the opening interview, Mr. Cornish stated that he was not aware of how union officer salaries in effect during the audit year were authorized or where the authorization was documented. Authorization for union officer salaries in effect during the audit year could not be identified in Local 96's minutes or any other union records; however, in 2019 Local 96 voted to increase officer salaries for 2020 and recorded this authorization in its meeting minutes. The union must keep a record, such as meeting minutes, to show the current salaries as authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 96 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 Local 96 for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (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 the union gave away "thank you" gift cards totaling at least \$100 during the audit year. The union must identify the type and value of any property received or given away in the additional information section 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.

2. Disbursements to Officers

Local 96 did not include reimbursements to you totaling at least \$209 in the amounts reported in Item 24, Column E (Allowances and Other Disbursements). Local 96's disbursements records indicate that you received reimbursed expenses totaling \$570; however, the total amount reported in Column E of Item 24 for you was \$361. It appears that Local 96 erroneously reported some of your reimbursed expenses in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 96 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 Local 96 file an amended LM report for 2019 to correct the deficient items, but Local 96 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers Local 96 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. Ken Cornish, Treasurer