



July 20, 2020

Mr. Jim Draudt, President
Steelworkers Local 985
902 Arlington
Ada, OK 74820

Case Number: 420-6018075 [REDACTED]
LM Number: 505027

Dear Mr. Draudt:

This office has recently completed an audit of Steelworkers (USW) Local 985 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 and Recording Secretary Sue Walton on June 12, 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 Violation

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 985's 2019 records revealed the following recordkeeping violation:

Donations

Local 985 failed to maintain supporting documentation for hardship donations and other donations. Monthly, Local 985 awards \$100 to members who have been out of work due to non-workers compensation related health issues. Other donations are made to

members, upon request, for items such as children's sports and charities. Local 985 voted on the donations at the monthly membership meetings and documented the vote in the meeting minutes.

The union must retain records that identify the date, amount, and the recipient of all donations. A total of \$24,250.00 in donations paid by check to members and \$500 paid to Recording Secretary Sue Walton did not have supporting documentation. It is recommended that the local require members to provide supporting documentation such as donation vouchers, thank you letters, or receipts to show that the amounts were used for their intended purpose, prior to disbursing union funds.

Based on your assurance that Local 985 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 LM-3 filed by Local 985 for the fiscal year ending on December 31, 2019 was deficient in the following area:

Disbursements to Officers

Reimbursement amount totals paid to officers were not accurately reported on the LM-3. The 2019 LM-3 inaccurately reported amounts paid to Former President Kevin Johnson, Current President Jim Draudt, and Recording Secretary Sue Walton. During the audit it was found that Johnson was only reimbursed \$1,166 and Draudt was reimbursed \$94.78.

Walton received a \$500 donation for her grandson's baseball team on May 19, 2019 and was reimbursed for the purchase of food for meetings, office supplies, airfare, and hotel expenses on behalf of the union which were not reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 Other Disbursements.

The union must report most direct disbursements to Local 985 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).

Local 985 has filed an amended Form LM-3 for the fiscal year ended December 31, 2019 correcting the deficient item discussed above.

I want to extend my personal appreciation to USW Local 985 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. Sue Walton, Recording Secretary
Ms. Patsy Mooney, Treasurer