



Sent via email to [REDACTED] and [REDACTED]

September 9, 2020

Mr. Mark Nonnemacher, President  
Steelworkers, AFL-CIO Local 125  
[REDACTED]

Case Number: 320-6018196 [REDACTED]  
LM Number: 043022

Dear Mr. Nonnemacher:

This office has recently completed an audit of Steelworkers Local 125 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 Rodney Gove, and Financial Secretary Nicholas Holschbach on September 3, 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 125's 2019 records revealed the following recordkeeping violations:

#### 1. Disbursements to Vendors and General Reimbursed Expenses

Local 125 did not retain adequate documentation for disbursements to vendors and payments to you and Mr. Holschbach totaling at least \$1,192. For example, adequate supporting documentation was not retained for a \$29.70 disbursement the union made to the Lakes Regional Labor Council on January 6, 2019. In support of this disbursement,

Local 125 only retained a check stub, which is not sufficient. As another example, adequate supporting documentation was not retained for a \$44.87 reimbursement to you for printer ink you purchased for the union. In support of this payment, Local 125 only retained a check stub, which is not sufficient.

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. Disposition of Property

Local 125 did not maintain an inventory of tee-shirts and it sold or gave away during the audit period. While Local 125 retained records that identified the persons who received the tee-shirts and the dates the tee-shirts were sold or given away, it did not maintain records that identified the tee-shirts (and their value) that were on hand at the beginning and end of the year.

The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

## 3. Lost Wages

Local 125 did not retain adequate documentation for lost wage reimbursement payments to you, Mr. Holschbach, Mr. Gove, and Vice President Marcos Alfaro totaling at least \$2,348 during the audit year. 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 audit found that Local 125 retained vouchers for lost wage reimbursements, but in some instances the vouchers were not sufficient because you, Mr. Holschbach, Mr. Gove, and Mr. Alfaro did not always identify the actual date the lost wages were incurred, identify the correct applicable rate of pay, or adequately describe the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 125 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 125 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 125 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 gift cards totaling more than \$1,100 during the 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. Officers and Disbursements to Officers

The audit revealed that Local 125 did not report Trustees Robert Fuller and Al Kafka or Metal Ware Stewards James Meinelt and Alice Wiena as union officers in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The audit also revealed that Local 125 over reported gross salary payments it made to Mr. Holschbach and did not include gross salary payments it made to Mr. Kafka, Mr. Meinelt, and Ms. Wiena in the amounts reported in Item 24, Column D (Gross Salary). Local 125's disbursements records indicate that Mr. Holschbach received gross salary (including lost time) of \$7,248; however, the total amount reported in Column D of Item 24 for Mr. Holschbach was \$7,465. Local 125's disbursement records indicate that Mr. Kafka, Mr. Meinelt, and Ms. Wiena received gross salary (including lost time) totaling \$1,423; however, Local 125 did not report Mr. Kafka, Mr. Meinelt, and Ms. Wiena or the payments to them in Item 24. It's not clear what caused Mr. Holschbach's gross salary to be over reported, but it appears that Local 125 erroneously reported the gross salary payments to Mr. Kafka, Mr. Meinelt, and Ms. Wiena in Item 46 (Disbursements to Employees).

Further, Local 125 over reported reimbursements it made to you and Mr. Holschbach and did not include some reimbursements it made to Mr. Gove, Mr. Alfaro, and Unit President Robert Farmer in the amounts reported in Item 24, Column E (Allowances and Other

Disbursements). Local 125's disbursements records indicate that you and Mr. Holschbach received reimbursed expenses totaling \$2,663; however, the total amount reported in Column E of Item 24 for you and Mr. Holschbach was \$2,719. Local 125's disbursements records indicate that Mr. Gove, Mr. Alfaro, and Mr. Farmer received reimbursed expenses totaling \$935; however, the total amount reported in Column E of Item 24 for Mr. Gove, Mr. Alfaro, and Mr. Farmer was \$104. It's not clear why Local 125 over reported the reimbursements it made to you and Mr. Holschbach, but it appears that Local 125 erroneously reported most of the reimbursements it made to Mr. Gove, Mr. Alfaro, and Mr. Farmer in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

Local 125 must report in Column D of Item 24 gross salaries (before tax withholdings and other payroll deductions) of union officers, including disbursements for lost wages. Local 125 must report in Column E of Item 24 direct disbursements to officers for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column E of Item 24 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. 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.

I am not requiring that Local 125 file an amended LM report for 2019 to correct the deficient items, but Local 125 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 125 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. Rodney Gove, Treasurer  
Mr. Nicholas Holschbach, Financial Secretary