



Sent by email to: [REDACTED]

September 25, 2020

Mr. Timothy Dubie, President
Steelworkers, AFL-CIO
Local 199
1777 Bean Creek Road
Lachine, MI 49753

Case Number: 320-6018264 [REDACTED]
LM Number: 059953

Dear Mr. Dubie:

This office has recently completed an audit of Steelworkers Local 199 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 Treasurer Michael Kasubowski on September 22, 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 199's 2018 and 2019 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and General Reimbursed Expenses

Local 199 did not retain adequate documentation for disbursements to vendors and payments to officers and members totaling at least \$728. For example, adequate supporting

documentation was not retained for a \$145 disbursement the union made to Nowicki's Sausage Shop for food expenses related to a union holiday function. In support of this expense, Local 199 only retained an entry in its meeting minutes, which is not sufficient. As another example, adequate supporting documentation was not retained for a \$206 reimbursement to you for a briefcase and Microsoft Excel software you purchased for the union. In support of this payment, Local 199 only retained an expense voucher, 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. Failure to Record Receipt

Local 199 did not record in its receipts records \$445 it received from an unknown source. The audit revealed that a \$445 deposit was made into Local 199's checking account at HPC Credit Union in January 2019; however, Local 199 did not record this deposit in its general ledger. In support of this deposit, Local 199 only maintained its January 2019 HPC Credit Union account statement, which doesn't indicate the source of the money deposited. After being informed of the deposit by OLMS, you were unable to provide the source of the money deposited. At the exit interview, you advised that when you checked with HPC Credit Union about this deposit, they were unable to provide the source and type of deposit (i.e., was it a cash or check deposit) and indicated that no other information, other than what is listed on the account statement, was available for this deposit. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Lack of Salary Authorization

Local 199 did not maintain records to verify that the salaries reported in Item 18 (Total Payments to Officers and Employees Made by Your Organization during the Reporting Period) of the LM-4 were the authorized amounts and therefore correctly reported. During the opening interview, you and Mr. Kasubowski stated that the treasurer and financial secretary receive \$50 monthly salaries while all other officers receive \$50 for each monthly membership meeting they attend. A review of Local 199's minutes revealed that authorization for the financial secretary's monthly salary was sought from USW District 2; however, authorization for the other union officer salaries could not be identified in Local 199's minutes or any other union records. 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 199 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-4) filed by Local 199 for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Total Assets

Local 199 did not properly report the assets it had on hand at the end of the reporting period in Item 14 (Total Value of your Organization's Assets at the End of the Period). The audit revealed that Local 199 had assets totaling \$18,358 at the end of the year; however, the total amount reported in Item 14 was \$16,640.

The union must report the total value of all of its assets at the end of the reporting period in Item 14. The amount should include cash on hand and in banks, property, loans owed to the union, investments, office furniture, automobiles, and anything else owned by the labor organization.

2. Total Receipts

Local 199 did not include receipts totaling \$452 that were received during the reporting period in the amount reported in Item 16 (Total Receipts of Your Organization during the Reporting Period). The audit revealed that Local 199 received receipts totaling \$8,116 during the year; however, the total amount reported in Item 16 was \$7,664. It appears that most of this discrepancy was due to the unrecorded \$445 receipt previously discussed.

The union must report the total amount of all receipts it received during the reporting period in Item 16. The amount should include, for example, dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, and loans received by the union. The union should also include payments in lieu of dues received from any non-member employees as a condition of employment under a union security provision in a collective bargaining agreement.

3. Total Disbursements

Local 199 did not properly report the total disbursements that were made during the reporting period in the amount reported in Item 17 (Total Disbursements Made by Your Organization during the Reporting Period). The audit revealed that Local 199 made disbursements totaling \$3,826 during the year; however, the total amount reported in Item 17 was \$10,794. During the exit interview, you and Mr. Kasubowski stated that it's not clear what caused this error. The union must report the total amount of all disbursements it made during the reporting period in Item 17. The amount should include, for example, net payments to officers and employees, per capita tax and any other fees or assessments which the union paid to any

other labor organization, payments for administrative expenses, loans made by the union, and taxes paid.

4. Disbursements to Officers and Employees

Local 199 did not properly report the payments it made to officers and employees during the reporting period in Item 18. The audit revealed that Local 199 made payments to officers and employees totaling at least \$1,791; however, the total amount reported in Item 18 was \$0. It appears the union included these payments in the total amount reported in Item 17, but failed to report them in Item 18.

The union must report the total amount of all payments to officers and employees made by it during the reporting period in Item 18. The amount should include, for example, gross salaries; lost time pay; monthly, weekly, or daily allowances; and disbursements for conducting official business of the union as well as disbursements which were essentially for the personal benefit of the officer or employee.

Local 199 must file an amended Form LM-4 for fiscal year ended December 31, 2019 to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-4 must be filed no later than October 6, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issue

Bereavement and Hardship Payments

During the audit review period, Local 199 donated at least \$1,600 to union members for “funerals,” “family donation,” or “grievance.” The audit revealed that Local 199 does not have clear policies regarding these types of payments. Local 199’s bylaws do not contain specific provisions regarding the authorization of such disbursements and the policies for these disbursements could not be identified in any other union records. “Funeral donations” are mentioned in Local 199’s meeting minutes, but the minutes do not contain any guidelines regarding who is eligible for the disbursements or how much they will be.

OLMS recommends that Local 199 adopt written guidelines concerning such matters to help ensure effective internal controls and safeguard union assets. During the exit interview, you and Mr. Kasubowski stated you will discuss this matter with Local 199’s officers and members at the union’s next membership meeting and seek further guidance regarding creating a policy for disbursements such as these.

I want to extend my personal appreciation to Steelworkers Local 199 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,

[REDACTED]

[REDACTED]

Investigator

cc: Mr. Michael Kasubowski, Treasurer