



Sent via email to [REDACTED], [REDACTED], and [REDACTED]

September 23, 2020

Ms. Linda Peterson, President
Steelworkers, AFL-CIO, Local 226
201 South Pine Street
Suite C
Burlington, WI 53105

Case Number: 320-6018169 [REDACTED]
LM Number: 063683

Dear Ms. Peterson:

This office has recently completed an audit of Steelworkers Local 226 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, Vice President Jay Keckhaver, and Financial Secretary Angela Fink on September 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 report 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 226's 2019 records revealed the following recordkeeping violations:

1. Lost Wages

Local 226 did not retain adequate documentation for lost wage reimbursement payments to you, Ms. Fink, former President Dikeomel Young, and Recording Secretary Danielle Lee totaling at least \$2,256 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 226 retained vouchers for lost wage reimbursements, but in some instances the vouchers were not sufficient because you, Ms. Fink, Mr. Young, and Ms. Lee did not always identify the actual date the lost wages were incurred 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 226 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.

2. Disbursements to Vendors

Local 226 did not retain adequate documentation for disbursements to vendors totaling at least \$359. For example, adequate supporting documentation was not retained for a \$42.78 disbursement the union made to the Department of the Treasury on January 24, 2019. In support of this disbursement, Local 226 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 presidents and treasurer (or corresponding principle 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 Local 226 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 Local 226 for fiscal year ended December 31, 2019, was deficient in that:

Officers and Disbursements to Officers

The audit revealed that Local 226 did not report Treasurer Nate Longo and Trustees Joshua Ferguson, Dessirae Minetti, and Maureen Smith as union officers in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held officer during the year, regardless of whether they received any payments from the union.

The audit also revealed that Local 226 underreported gross salary payments it made to Ms. Fink, Mr. Young, and Mr. Keckhaver and did not include any of the gross salary payments it made to [REDACTED] in the amounts reported in Item 24, Column D (Gross Salary). Local 226's disbursement records indicate that Ms. Fink, Mr. Young, and Mr. Keckhaver received gross salary (including lost time) of \$12,962; however, the total amount reported in Column D of Item 24 for Ms. Fink, Mr. Young, and Mr. Keckhaver was \$12,758. It appears that Ms. Fink's, Mr. Young's, and Mr. Keckhaver's reported gross salaries did not include some of the lost time they incurred during the year. Local 226's disbursement records indicate that [REDACTED] received gross salary (including lost time) totaling \$384; however, Local 226 did not report [REDACTED] or the payments to them in Item 24. It appears that Local 226 erroneously reported the gross salary payments to [REDACTED] in Item 46 (Disbursements to Employees).

Further, Local 226 over reported reimbursements it made to Mr. Keckhaver and did not include most of the reimbursements it made to you, Ms. Fink, and Mr. Young in the amounts reported in Item 24, Column E (Allowances and Other Disbursements). Local 226's disbursements records indicate that Mr. Keckhaver received reimbursed expenses totaling \$239; however, the amount reported in Column E of Item 24 for Keckhaver was \$309. Local 226's disbursements records indicate that you, Ms. Fink, and Mr. Young received reimbursed expenses totaling \$6,395; however, the total amount reported in Column E of Item 24 for you, Ms. Fink, and Mr. Young was \$1,370. It appears that Local 226 erroneously reported some lost time incurred by Mr. Keckhaver in Column E rather than Column D and erroneously reported most of the reimbursements it made to you, Ms. Fink, and Mr. Young in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

Local 226 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 226 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 226 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.

Other Issue

Lost Time Payments to Dikeomel Young and Linda Peterson

During the opening interview, Local 226 officers advised that union members can be reimbursed for “lost wages” at a flat rate of \$8.00 per hour for hours incurred when individuals were not scheduled to work, such as nights or weekends. Article IX, Section 2 of Local 226’s bylaws states that “Committee meeting expenses shall be at the rate of \$8.00 per hour or fraction thereof.” A comparison of 2019 lost wage claims submitted by you and Mr. Young with payroll records obtained from the Ardagh Group revealed that you and Mr. Young appear to have been overpaid net totals of \$709.96 and \$1,533.16, respectively. The overpayments are a result of you and Mr. Young claiming your regular hourly wage rates, rather than the \$8.00 per hour flat rate, for “lost wages” you and Mr. Young incurred during contract negotiations that took place on days you and Mr. Young weren’t scheduled to work. You advised OLMS that a United Steelworkers International Representative advised you to claim your full wage rate for the weekends you attended negotiations; Mr. Keckhaver advised that Mr. Young recently confirmed this, as well. Mr. Keckhaver and Ms. Fink further stated that you and Mr. Young did not violate Local 226’s lost wage policy and are entitled to the additional lost wages you received.

OLMS recommends that Local 226 update its bylaws to reflect its current practice in regards to the payment of “lost wages” incurred by members on days they aren’t scheduled to work to help ensure effective internal controls and safeguard union assets.

I want to extend my personal appreciation to Steelworkers Local 226 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Jay Keckhaver, Vice President
Ms. Angela Fink, Financial Secretary