



September 21, 2020

Mr. John O'Neil, President  
Steelworkers, AFL-CIO Local 264  
353 W. 7<sup>th</sup> Street  
Suite 202  
St. Paul, MN 55102

Case Number: 320-6018022 [REDACTED]  
LM Number: 029960

Dear Mr. O'Neil:

This office has recently completed an audit of Steelworkers Local 264 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 Matt O'Neil on August 6, 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 264's 2019 records revealed the following recordkeeping violations:

1. Salaries and Allowances

Local 264 did not maintain records to verify that the salaries and allowances 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, you provided a salary schedule that documented your salary, which is equivalent to what a journeyman millwright would earn working six days per week, and the salaries of the other union officers. However, authorization for Local 264's officer salaries could not be identified in Local 264's meeting minutes or any other union records.

Additionally, during the audit year you received a daily per diem allowance of \$23.66, 36 vacation days, and a \$182 weekly allowance to offset the cost of health insurance for you and your wife. During the audit, you stated that these items were discussed and approved at a membership meeting when you first took office; however, the review of Local 264's records did not reveal any authorizations for these allowances.

The union must keep a record, such as meeting minutes, to show the current salaries and allowances as authorized by the entity or individual in the union with the authority to establish salaries and allowances.

2. Failure to Accurately Record Receipts

The audit revealed that Local 264 did not accurately record in its receipts records the sources of receipts totaling at least \$3,340. For example, for an \$810 deposit made on August 19, 2019, Local 264 recorded "Golf Tournament Money" as the source of the receipt in its receipts journal rather than the receipt's actual sources, Hood Packaging and Sundquist Law. 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. General Reimbursed and Meal Expenses

Local 264 did not retain adequate documentation for disbursements to you totaling at least \$2,775. For example, adequate supporting documentation was not retained for a \$381.80 reimbursement to you for watches you purchased for new retirees. In support of this payment, the union maintained a voucher and a vendor invoice; however, documentation was not maintained to show that the disbursement was authorized.

Additionally, Local 264's records of meal expenses did not always include itemized receipts. For example, an itemized receipt was not retained for a \$70 meal expense the union incurred at Skinners Pub and Eatery on October 13, 2019 for a meeting. In support of this expense, Local 264 only retained a credit card signature receipt, which is not sufficient.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. Records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses. 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.

Based on your assurance that Local 264 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 264 for the fiscal year ended December 31, 2019, was deficient in that:

##### 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 a \$100 retirement gift card; retirement watches; key chains and koozies at the State Fair; and tee-shirts, hats, and do-rags to various members 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.

I am not requiring that Local 264 file an amended LM report for 2019 to correct the deficient item, but Local 264 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers Local 264 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 sender.A smaller black rectangular redaction box covering the name of the sender.

Investigator

cc: Mr. Matt O'Neil, Treasurer