



September 22, 2020

Mr. James Blair, President
Steelworkers, AFL-CIO, Local 666
[REDACTED]

Case Number: 320-6018226 [REDACTED]
LM Number: 020984

Dear Mr. Blair:

This office has recently completed an audit of Steelworkers (USW) Local 666 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 Peter Sackmann on September 9, 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 666's 2019 records revealed the following recordkeeping violations:

1. Lack of Salary Authorization

Local 666 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. During the organizational interview, you advised that the officers' salaries are voted on by the membership; however, the meeting minutes maintained by Local 666

memorialize only the authorization for the amount of salary increases and not the authorization for the original salary levels on which the increases were based.

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

2. General Reimbursed Expenses

Local 666 did not retain adequate documentation for reimbursed expenses incurred by Mr. Sackmann totaling almost \$3,000. For example, check # [REDACTED] (\$2,111.81) was disbursed to Mr. Sackmann on January 30, 2019, and included reimbursement for travel expenses he incurred on his personal credit card, including lodging (\$335.58), airfare (\$939.80), and rental car (\$168.79), for you and Recording Secretary Charles Normand to attend a conference in Birmingham, AL. The only documentation retained for these travel expenses were the Expedia booking confirmations. In addition, a portion of this check, \$490.60, was for the reimbursement of door prizes that were purchased directly from the USW International Union. The only documentation retained for this expense was a copy of a credit card statement.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements, including hotel invoices, airline tickets/boarding passes, and rental car receipts. In the case of items purchased using a personal credit card, the original purchase receipt must be retained; the credit card statement alone is not sufficient. 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.

3. Meal Expenses

Local 666's records of meal expenses did not always include the names and titles of the persons incurring the restaurant charges. For example, several meal expenses totaling more than \$3,500 were incurred at the City Grille during the months of August, September, October, and December of the audit year. Although Local 666 maintained itemized receipts for all of the meal expenses and the union business purpose was identified as meals during contract negotiations, the union failed to provide the names and titles of all those who were present for each meal. Union 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.

4. Receipts not Recorded

Local 666 did not record in its receipts records some interest that was posted to the union's certificate of deposit at Abby Bank totaling \$189.76 during the audit year. 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.

5. Disposition of Property

Local 666 did not maintain an inventory of hats, jackets, and other property it purchased and subsequently gave away as gifts to new members or as door prizes at membership meetings. 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. 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.

Based on your assurance that Local 666 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 666 for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Interest Receipts

Local 666 did not include some interest payments earned on the Abby Bank certificate of deposit totaling at least \$169 in the amounts reported in Item 41 (Interest and Dividends). Local 666 must report all interest and dividends received by your organization from savings accounts (including certificates of deposit and money market accounts), bonds, mortgages, loans, investments, and all other sources in Item 41.

2. Disbursements to Officers

Local 666 not include some reimbursements to Mr. Sackmann totaling at least \$2,400 in the amounts reported in Column E (Allowances and Other Disbursements) of Item 24. During the exit interview, Mr. Sackmann advised he erroneously reported these payments in either Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 666 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.

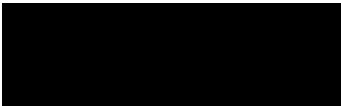
3. Acquire/Dispose of Property

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 jackets to new members and small door prize items such as hats and t-shirts to members at membership meetings totaling more than \$2,500 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."

I am not requiring that Local 666 file an amended LM report for 2019 to correct the deficient items, but Local 666 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 666 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,



Senior Investigator

cc: Mr. David Kronenwetter, Vice President
Mr. Charlie Normand, Recording Secretary