



Sent via email to [REDACTED]

October 14, 2020

Mr. Eric Grenz, President
Steelworkers, AFL-CIO Local 460
[REDACTED]
Chippewa Falls, WI 54729

Case Number: 320-6018136 [REDACTED]
LM Number: 034143

Dear Mr. Grenz:

This office has recently completed an audit of Steelworkers Local 460 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 Treasurer Rodney Bates on October 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 Violation

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 460's 2019 records revealed the following recordkeeping violation:

General Reimbursed Expenses

Local 460 did not retain adequate documentation for disbursements to union officers totaling at least \$187. For example, adequate supporting documentation was not retained for a \$136.58 reimbursement to you for lodging charges you incurred for stewards training. In support of this

payment, Local 460 retained a voucher and a booking confirmation email, which is not sufficient.

As another example, Unit President Dan Hoy received reimbursement for business use of his personal vehicle but did not retain adequate documentation to support a \$40.60 payment to him. Mr. Hoy's mileage reimbursement was claimed on an expense voucher that identified the dates of travel, the union business conducted, the total miles driven, and the total mileage expense; however, the expense voucher was insufficient because it failed to identify the locations traveled to and from. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

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.

Based on your assurance that Local 460 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 460 for the fiscal year ended December 31, 2019, was deficient in that:

Trusts or Funds

Item 11 (During the reporting period did your organization create or participate in the administration of a trust or other fund or organization which provides benefits for members or their beneficiaries?) should have been answered, "Yes," because the union participated in the administration of a joint "sunshine fund" with one of its members' employers during the year. During the audit, you stated that the "sunshine fund" is a joint account between the employer and Local 460 that is jointly administered by Local 460 Trustee Kim Smith and an employer representative. The account is funded by onsite vending sales and its purpose is to fund Local 460 unit Christmas parties and purchase flowers for members whose spouses have passed away. The union must identify the name, address, and purpose of each trust or fund in which it participates in the additional information section of the LM report. Additionally, if the trust or fund has filed a report under the Employee Retirement Income Security Act of 1974 (ERISA), the ERISA file number (Employer Identification Number – EIN) and plan number, if any, must also be reported.

I am not requiring that Local 460 file an amended LM report for 2019 to correct the deficient

item, but Local 460 has agreed to properly report the deficient item on all future reports it files with OLMS.

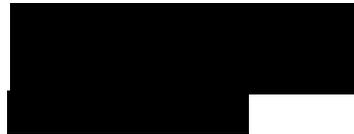
Other Issue

Lost Time Payments to Eric Grenz

During the opening interview, Mr. Bates advised that wages must be lost in order for officers to be paid lost time. A comparison of 2019 lost wage claims submitted by you with payroll records obtained from your employer, Berry Global, revealed that you appear to have been overpaid a total of \$157.62 by Local 460. The overpayments are a result of you claiming lost wages for conducting union business during periods when you were also paid by Berry Global. The audit revealed that you received six hours (three occasions of two hours each) of lost wages from Local 460 for hours that you were also paid by Berry Global. At the exit interview, Mr. Bates stated that he is certain that you did not work those hours at Berry Global because you were conducting union meetings during the times in question; he believes that Berry Global may have made an error when processing your payroll. Mr. Bates indicated he would look into this issue in more detail and take further action, if warranted.

I want to extend my personal appreciation to Steelworkers Local 460 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. Rodney Bates, Treasurer