



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

January 19, 2021

Mr. Tom Fink, President
Steelworkers, AFL-CIO Local 370
[REDACTED]

Case Number: 320-6018223 [REDACTED]
LM Number: 045019

Dear Mr. Fink:

This office has recently completed an audit of Steelworkers Local 370 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 Recording Secretary Amanda Bellinger, Treasurer Adam Helminiak, and Financial Secretary Kyle Kubisiak on January 12, 2021, 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 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 370's 2019 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and General Reimbursed Expenses

Local 370 did not retain adequate documentation for disbursements to vendors and payments to you and Ms. Bellinger totaling at least \$14,550 in 2019. For example,

adequate supporting documentation was not retained for disbursements totaling \$3,511.70 the union made to Rookies Sports Pub during 2019 for rent and beverages. In support of these payments, Local 370 only retained expense vouchers, which are not sufficient. As another example, an itemized receipt was not retained for a \$27.79 reimbursement to Ms. Bellinger for a meal expense she incurred at Hunan I in Appleton, WI for a trustees training session. In support of this expense, Local 370 only retained a voucher and debit 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.

2. Inadequate Receipt Records

During the audit year, Local 370 collected at least \$1,540 in cash from members who attended its 2019 Christmas party; however, Local 370 failed to retain adequate receipt records for the money that was collected. Former Recording Secretary Matt Senn used an Excel spreadsheet to record the names of people money was collected from and the amounts collected; however, the spreadsheet does show the dates the payments were received by Local 370. Additionally, Local 370 deposited member initiation fees totaling \$500 into their savings account on May 17, 2019. The union recorded the \$500 deposit in its general ledger and retained a deposit slip and four duplicate receipts totaling \$400; however, the union failed to retain a duplicate receipt or any other record to account for the remaining \$100 that was deposited. This remaining \$100 appears to have been an additional member initiation fee. 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. Disposition of Property

The audit revealed that Local 370 did not maintain an inventory of tee-shirts and jackets it gave away during the audit period. While Local 370 retained records that identified the persons who received the tee-shirts and the dates they received them, it did not maintain records that identified the persons who received the jackets, the dates they received them, or the tee-shirts and jackets (and their value) that were on hand at the beginning and end of the year. Additionally, Local 370 failed to retain adequate records for items it gave away at its Christmas party. The audit revealed that Local 370 purchased gift cards, televisions, tools, kitchenware, fishing poles, and various other gift items totaling at least \$4,775 that

were given away at its Christmas party. Local 370 did not maintain adequate records that identify the recipients of the items that were given away.

Records must be retained which account for all union property. In the case of gift cards, toys, games, or other items sold or given away to members, records must be maintained to clarify and support information required to be reported by Local 370 in Statements A (Assets and Liabilities) and B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-3). The value of any tee-shirts, jackets, or similar property on hand at the beginning and end of the year must be reported in Item 30 (Other Assets). In addition, the type and value of any property received or given away must be identified in the additional information section of the Form LM-3 with the identity of the recipient(s) or donor of such property.

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.

4. Lost Wages

Local 370 did not retain adequate documentation for lost wage reimbursement payments to you, Ms. Bellinger, Mr. Senn, and Vice President Matt Houck totaling at least \$847. The union must retain 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 while the union retained vouchers for most lost wage reimbursements, no vouchers or any other detailed records were retained by Local 370 for some of the lost wages incurred you, Ms. Bellinger, Mr. Senn, and Mr. Houck.

Following the exit interview, I provide a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 370 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.

Based on your assurance that Local 370 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 370 for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Statement A (Cash Balance) and Statement B (Total Receipts and Total Disbursements)

The cash figure reported in Item 25 (B) (Cash, End of the Reporting Period) is not the figure according to Local 370's financial records after reconciliation to the bank statements. The cash balance as of December 31, 2019, as reconciled to the bank statements, was \$47,734; however, the cash balance reported in Item 25 (B) was \$46,030. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Additionally, Local 370 had total receipts of \$83,273.05 recorded in its receipts records during the audit year. However, Local 370 reported total receipts of \$73,908 in Item 44 (Total Receipts) of Statement B. The union must report the total amount of all receipts it received during the reporting period in Item 44. The amount in Item 44 is calculated by adding Items 38 (Dues) through 43 (Other Receipts) and should include all dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, loans received by the union, and all other receipts received by the union.

Lastly, Local 370 had total disbursements of \$65,761 recorded in its disbursements records during the audit year. However, Local 370 reported total disbursements of \$58,107 in Item 55 (Total Disbursements) of Statement B. The union must report the total amount of all disbursements it made during the reporting period in Item 55. The amount in Item 55 is calculated by adding Items 45 (Disbursements to Officers) through 54 (Other Disbursements) and 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 office administrative expenses; loans made by the union; taxes paid by the union; contributions, gifts and grants made by the union; and purchases of investments and fixed assets.

Part of the discrepancies with the amounts reports in Items 44 and 55 were due to cash totaling \$1,540 that Local 370 collected from members who attended its Christmas party; Local 370 failed to include this cash in the total receipts reported in Item 44 and the disbursements made with it in Item 55. Mr. Kubisiak also stated at the exit interview that the discrepancies with the amounts reported in Items 44 and 55 can also be attributed to the union's book balances not being reconciled with the balances on its bank statements before Local 370 prepared the LM-3.

2. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than purchase or sale?) should have been answered, "Yes," because Local 370 gave away tee-shirts and jackets throughout the year and gift cards, televisions, tools, kitchenware, fishing poles, and various other gift items at its Christmas party. 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.

3. Disbursements to Officers

Local 370 over reported disbursements to you, Ms. Bellinger, Mr. Houck, Mr. Senn, and Mr. Kubisiak by at least \$1,573 in Item 24 (All Officers and Disbursements to Officers), Column D (Gross Salary). Local 370’s disbursement records indicate that you, Ms. Bellinger, Mr. Houck, Mr. Senn, and Mr. Kubisiak received gross salary (including lost time) of \$20,403; however, the total amount reported in Column D of Item 24 for you, Ms. Bellinger, Mr. Houck, Mr. Senn, and Mr. Kubisiak was \$21,976. This discrepancy was due to Local 370 erroneously including salary payments it made you, Ms. Bellinger, Mr. Houck, Mr. Senn, and Mr. Kubisiak in December 2018 on the 2019 LM-3.

Additionally, Local 370 did not include reimbursements to you, Ms. Bellinger, and Mr. Senn totaling at least \$560 in the amounts reported in Item 24, Column E (Allowances and Other Disbursements). Local 370’s disbursement records indicate that you, Ms. Bellinger, and Mr. Senn received reimbursed expenses totaling at least \$560; however, the total amount reported in Column E of Item 24 for you, Ms. Bellinger, and Mr. Senn was \$0. It appears Local 370 erroneously reported the reimbursed expenses paid to you, Ms. Bellinger, and Mr. Senn in Item 48 (Office and Administrative Expenses) or Item 54.

Local 370 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 370 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 370 file an amended LM report for 2019 to correct the deficient items, but Local 370 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Pre-signing Checks

At the opening interview, Ms. Bellinger stated that all checks issued by Local 370 are required to be signed by the president and treasurer. However, she further stated that blank checks pre-signed by the president and treasurer are given to the union’s vice president or recording secretary to purchase gifts for Local 370’s annual Christmas parties.

The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check and negates the purpose of the two signature requirement. OLMS strongly recommends that Local 370 review these procedures to improve internal control of union funds. At the exit interview, you stated that you and Local 370's treasurer will stop pre-signing checks and ensure that this practice does not take place in the future.

I want to extend my personal appreciation to Steelworkers Local 370 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,




Investigator

cc: Mr. Kyle Kubisiak, Financial Secretary
Ms. Amanda Bellinger, Recording Secretary
Mr. Adam Helminiak, Treasurer