



April 25, 2024

John Nichols, President
Steelworkers, AFL-CIO
Local 987
2388 Cline Rd.
Muskegon, MI 49444

Case Number: 320-6025779()
LM Number: 512530

Dear President Nichols:

This office has recently completed an audit of Steelworkers, AFL-CIO Local 987 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, Treasurer Raymond Paprocki, and Treasurer-elect Tony Alviar on April 10, 2024, 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 987's 2022 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 987 did not retain adequate documentation for a \$1,032.09 reimbursement it made to you for lodging expenses you incurred while attending the 2022 Steelworkers Convention in Las Vegas, Nevada. In support of this payment, Local 987 only retained a voucher, a check stub, and a screenshot of this charge from your credit card's online transaction history, which is not sufficient.

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.

2. Christmas Party Ticket Sales

The audit revealed that Local 987 sold tickets to its members for a Christmas party it co-hosted with Sun Chemical during the audit year. Local 987 received at least \$610 from these tickets sales; however, it did not maintain adequate records to document the funds its stewards collected from the ticket sales. In addition, an entry in Local 987's ledger reflects the date the union deposited the money it received from the ticket sales, but not the date(s) the money was received.

Union receipt 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. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

For the sale of Christmas party tickets, records must be maintained, at a minimum, that explain the number of tickets sold, the price of each ticket, the amount of money collected, and the names of the ticket holders. Records must also be kept that identify the name of each person who sells tickets and the date and amount of money that each person turns in to Local 987. Such records must show that the persons who sell tickets fully account for all the tickets provided to them by returning any unsold tickets along with the money raised from sold tickets. All unsold tickets, and ticket stubs (if any), must be retained.

Based on your assurance that Local 987 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 987 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Officers and Disbursements to Officers

The audit revealed that Local 987 did not report Chief Steward Brett Shaffer in Item 24 (Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. The audit also revealed that Local 987 did not include gross salary (including lost time) payments to Chief Steward Shaffer totaling at least \$924 in the amounts reported in Item 24, Column D (Gross Salary). Local 987's disbursements records indicate that Chief Steward Shaffer received gross salary (including lost time) totaling \$924; however, Local 987 did not report Chief Steward Shaffer or the payments to Chief Steward Shaffer in Item 24.

Additionally, Local 987 did not include reimbursements to you totaling at least \$547 in the amounts reported in Item 24, Column E (Allowances and Other Disbursements). Local 987's disbursement records indicate that you received reimbursed expenses totaling at least \$3,618; however, the total amount reported in Column E of Item 24 for you was \$3,071.

The union must report most direct disbursements to Local 987 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 (Office and Administrative Expenses).

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 by purchase or sale?) should have been answered, "Yes," because the union purchased tee-shirts totaling \$1,829 and gave away most of them to members throughout the audit 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 987 file an amended LM report for 2022 to correct the deficient items, but Local 987 has agreed to properly report the deficient items on all future reports it files with OLMS.

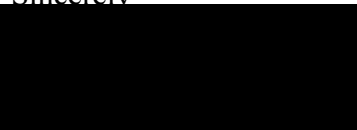
Other Issue

Two Signatures on Checks

Local 987’s bylaws require all checks be jointly signed by the president and treasurer. The audit revealed that Local 987 checks are only signed by Treasurer Paprocki. 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. OLMS recommends that Local 987 review its disbursements procedures to improve internal control of union funds.

I want to extend my personal appreciation to Steelworkers Local 987 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: Ray Paprocki, Treasurer