

U.S. Department of Labor

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October 30, 2009

Mr. Phillip Warnke, President
Steelworkers, AFL-CIO Local 2-1970
226 W North Water St.
P.O. Box 23
New London, WI 54961-0023

LM File Number: 064-796
Case Number: [REDACTED]

Dear Mr. Warnke:

This office has recently completed an audit of USW Local 2-1970 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 Financial Secretary Christy Young, Chief Steward David Van Straten, Treasurer Thomas Vanevenhoven, and you on September 17, 2009, 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 2-1970's 2008 records revealed the following recordkeeping violations:

1. Officer Expenses

Local 2-1970 did not retain adequate documentation for reimbursed expenses incurred by Vice President Timothy Bruette and Chief Steward David Van Straten totaling at least \$1,183.27. For example, no receipt was found for a disbursement to Vice President Timothy Bruette with check number [REDACTED], dated April 17, 2008 in the amount of \$25. In this case, the check stub for check number [REDACTED] was found attached to a voucher indicating that a \$25 gift card was purchased from Quik Trip. However, no receipt was attached to the voucher, and the voucher failed to indicate the purpose or for whom the gift card was purchased. Additionally, a voucher prepared for Chief Steward David Van Straten, for which check number [REDACTED], dated March 20, 2008 in the amount of \$1,158.27 was issued, states that the check was for a meal allowance and mileage. However, the voucher does not state the number of days Mr. Van Straten was in travel status, the location to which he traveled, or the union business purpose for the travel.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lost Wages

Local 2-1970 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$29,658. The union must maintain 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 OLMS audit found that Local 2-1970 officers did not identify on the lost wage vouchers the union business conducted and in some instances did not record the date on which wages were lost. In most instances, officers entered "union business" or "union meeting" as

the purpose for the lost wages. These terms do not adequately describe the purpose for the lost wages.

A comparison of the time and attendance records for some Local 2-1970 officers obtained from Curwood, Inc, the employer with which Local 2-1970 has its only collective bargaining agreement, with lost time claims made by the same officers reflected that officers in most instances claimed additional hours in excess of the actual number of hours lost on the dates for which lost wages were claimed. You advised, and Curwood, Inc. Human Resources Manager [REDACTED] confirmed, that the reason for this was based upon the work schedule currently in place which provides for premium pay for work done after eight hours on Saturdays and all day on Sundays and holidays if 40 or more hours have been worked between Monday and Friday of the same week. The union allows officers to claim the excess hours to compensate them for the premium pay they miss as a result of their losing hours earlier in the week. However, officers did not provide an explanation or calculation to show how they arrived at the additional number of hours they claimed on their lost time vouchers. In cases such as those described above, the lost time voucher must provide an explanation or show a calculation of how the number or excess hours was determined.

During the exit interview, I acknowledged that the lost time voucher currently in use by Local 2-1970, which is a standard Steelworkers International Union issued form, may not in some cases provide sufficient space to enable officers to provide all of the information required by the LMRDA. I suggested that if the International Union requires the use of this form, Local 2-1970 may attach to the standard International Union form an additional form it may create or a separate sheet of paper on which all of the required information must be entered.

Based on your assurances that Local 2-1970 will maintain adequate documentation as discussed above in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

Failure to File Bylaws

The CAP disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised constitution and bylaws with its LM report when constitution or bylaw changes are made. Local 2-1970 amended its bylaws several years

ago, but a copy was not filed with its LM report for the year in which the changes were made.

A copy of the changes to Local 2-1970's bylaws has now been filed.

I want to extend my personal appreciation to USW Local 2-1970 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: Thomas Vanevenhoven, Treasurer