



December 6, 2016

Mr. Jeff Geurts, President  
Steelworkers Local 2-597  
2226 Old Martin Road  
De Pere, WI 54115

Case Number: 320-6008954(77)  
LM Number: 043387

Dear Mr. Geurts:

This office has recently completed an audit of Steelworkers Local 2-597 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 Calvin Thelen, and Financial Secretary Jason Borlee on December 2, 2016, 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 2-597's 2015 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and General Reimbursed Expenses

Local 2-597 did not retain adequate documentation for disbursements to vendors and payments to Mr. Thelen totaling at least \$2,433 in 2015. For example, adequate supporting

documentation was not retained for a \$241.98 check issued to the Radisson Paper Valley Hotel in Appleton, WI on May 11, 2015 for a room for a Right-To-Work conference. In support of this expense, Local 2-597 only retained a carbon copy of the check, which is not sufficient. As another example, adequate supporting documentation was not retained for a \$517.95 check issued to the United Steel Workers on December 8, 2015 for retirement gifts. In support of this expense, Local 2-597 only retained a carbon copy of the check, which is not sufficient.

In addition, officers and members were not required to submit itemized meal receipts for meal expenses totaling at least \$1,038. Local 2-597's records of meal expenses also did not always include the business purpose and the names and titles of the persons incurring or receiving the benefit of the restaurant charges. For example, a receipt was not retained for a \$97 check issued to Glass Nickel Pizza in Green Bay, WI on August 18, 2015 for a "union meeting." In support of this meal expense, Local 2-597 only retained a carbon copy of the check, which did not include an adequate description of the nature of the union business conducted and the full names and titles of those present.

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. Reimbursed Auto Expenses

You, Mr. Thelen, Vice President Kerry Baenen, and former President [REDACTED] received reimbursement for the business use of your personal vehicles, but did not retain adequate documentation to support payments made to yourself and them totaling at least \$299 during 2015. Mr. Thelen's and [REDACTED] mileage reimbursements were claimed on expense vouchers that identified the total mileage expenses, the total miles driven, and the union business conducted; however, the expense vouchers were not sufficient because they failed to identify the dates of travel and the locations traveled to and from. The only records retained for you and Mr. Baenen's mileage reimbursements were carbon copies of the reimbursement checks, which were not sufficient because they failed to identify the dates of travel, locations traveled to and from, number of miles driven, and the union business conducted. 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.

3. Lost Wages

Local 2-597 did not retain adequate documentation for lost wage reimbursement payments to you, Mr. Thelen, Mr. Borlee, Mr. Baenen, [REDACTED], and Recording Secretary Scott Kleczka totaling at least \$3,680 during the year. 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 audit found that the union retained vouchers for lost wage reimbursements, but in some instances the vouchers were not sufficient because Mr. Thelen, Mr. Borlee, Mr. Baenen, [REDACTED], Mr. Kleczka and you did not always identify the actual date the lost wages were incurred and/or adequately describe the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments* that contained a sample of an expense voucher Local 2-597 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.

4. Disposition of Property

The audit revealed that Local 2-597 purchased 15 \$35 gift cards in 2015 that were given away to members; however, Local 2-597 did not maintain adequate records that identified the recipients of the gift cards that were given away. Records must be retained which account for all union property. In the case of gift cards or other items sold or given away to members, records must be maintained to clarify and support information required to be reported by Local 2-597 in Statements A and B of the Labor Organization Annual Report (Form LM-3). The value of any gift cards or similar property on hand at the beginning and end of the year should 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 Labor Organization Annual Report (Form LM-3) report with the identity of the recipient(s) or donor of such property.

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.

5. Receipt Dates not Recorded

Local 2-597's receipts records reflect the date the union deposited money, but not the date money was received for receipts received from an IRS tax refund and two vending machine commission checks totaling at least \$1,020. Union receipts records must show the date of receipt. 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.

Based on your assurance that Local 2-597 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(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 2-597 amended its bylaws several years ago, but did not file a copy with its LM report for the year that the changes were made. Local 2-597 has now filed a copy of its current bylaws.

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 2-597 for fiscal year ended December 31, 2015 was deficient in that:

#### 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 gift cards totaling at least \$525 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." 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 2-597 file an amended LM report for 2015 to correct the deficient items, but Local 2-597 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issue

#### Lost Wage and Expense Policies

You and Mr. Thelen advised at the opening interview that it is the practice of Local 2-597 to pay officers and members for any wages lost while conducting union business and to reimburse travel expenses, including lodging, per diem or meals, and mileage, to officers and members that travel on union business. However, the audit revealed that the union does not have any written policies documenting the payment of lost wage to officers and employees. In addition, the audit revealed that the union does not have any policies governing what types of expenses are authorized and under what circumstances those expenses are paid to officers and employees who are in travel status.

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering lost time payments and travel expenses. OLMS recommends that unions (1) adopt clear policies and procedures for making lost time, travel expenses, or similar payments and (2) use vouchers that require detailed information to support lost time payments and travel expenses. These practices will allow the union to properly report lost time payments and travel expenses on the Labor Organization Annual Report Form LM-3.

OLMS recommends that union policies and procedures for lost wages and travel expenses be reduced to writing and added to your union's bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for handling payments for lost time and other expenses. You may want to have your union's trustees or auditors compare the steps taken to pay lost time and other expenses with the union's policies to make sure that all required procedures are being followed.

I want to extend my personal appreciation to Steelworkers Local 2-597 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. Calvin Thelen, Treasurer  
Mr. Jason Borlee, Financial Secretary