



June 29, 2017

Mr. William McCall, President  
United Steelworkers, AFL-CIO  
Local 1066  
1221 E. Ridge Road  
Gary, IN 46409

Case Number: 310-6010278  
LM Number: 014-140

Dear Mr. McCall:

This office has recently completed an audit of United Steelworkers, Local 1066 AFL-CIO 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 and Financial Secretary Maria "Lisa" Popplewell on June 15, 2017, 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 1066's 2016 records revealed the following recordkeeping violations:

## 1. Meal Expenses

Local 1066 did not require its officers and employees to submit itemized receipts for meal expenses totaling at least \$6,562.04. The union must maintain itemized receipts provided by restaurants to officers and employees. 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.

Additionally, Local 1066's records of meal expenses did not always include written explanations of the union business conducted or the names and titles of the persons incurring the restaurant charges. This includes 10 meal expenses totaling \$3,858.41 that were made while officers and/or representatives were traveling on union business and received per diem for their expenses. For example, Local 1066 Treasurer Gregory Garcia was reimbursed \$454.80 for a meal purchased at Redbeard's on Sixth in Pittsburgh, PA. The voucher attached to the reimbursement did not reflect the union business conducted at this meeting or the names and titles of the persons in attendance.

Union 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.

## 2. Disposition of Property

Local 1066 did not maintain an inventory of gifts, prizes, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

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. In 2016, Local 1066 did not maintain an inventory of the gifts and prizes totaling \$7,209.08 it gave away during its golf outing and Christmas Party, nor did it maintain a list of the individuals that received them.

## 3. Lack of Salary Authorization

Local 1066 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) on the LM-2 were the authorized amounts and therefore reported correctly. Article VI, Section 1(a) and Section 2 of Local 1066's Bylaws amended in 1991 establish monthly salaries and expenses for the local's officers and grievance committee members. However, the monthly salaries and expenses paid to Local 1066's officers exceed these amounts. For example, the authorized monthly salary and expenses of the president is \$66; however, McCall received \$83 per month for salary and expenses during the audit period. The union must keep a record, such as meeting minutes, that documents the current salaries authorized by the union.

Based on your assurance that Local 1066 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-2) filed by Local 1066 for the fiscal year ended December 31, 2016 was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 (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 various gifts and prizes totaling \$7,209.08 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.

2. Voided Outstanding Checks Reported as Receipts

Local 1066 appears to have reported approximately \$4,310.23 in outstanding checks it voided during 2016 in Schedule 14 (Other Receipts). As the voided outstanding checks did not constitute a, they should have not been included in Schedule 14 (Other Receipts).

3. Failure to File Bylaws

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 the changes to its constitution or bylaws. McCall advised that Local 1066 amended its bylaws approximately in 2004, but did not file a copy with its LM report for that year. Unfortunately, Local 1066 has been unable to provide a copy of the bylaws amended in 2004 as one cannot be located. OLMS recommends that Local 1066 take the necessary steps to re-approve any amendments it made to its bylaws and provide a copy to OLMS as soon as possible. Such approval should be in accordance with the provisions set forth in the United Steelworkers Constitution and Local 1066's last approved bylaws.

I am not requiring that Local 1066 file an amended LM report for 2016 to correct the deficient items, but Local 1066 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

1. Meeting Minutes

The audit revealed that the majority of the meeting minutes for 2016 were handwritten on a standardized meeting agenda form. Due to the handwriting and the use of acronyms and initials, the majority of the minutes were illegible or incomprehensible. OLMS recommends that Local

1066 maintain typewritten minutes to ensure that all union business transacted during the meetings are legibly documented in the minutes.

2. Use of a Signature Stamp

During the audit, you advised that it is Local 1066's practice to allow Local 1066 Administrative Assistant Hilda Huerta to stamp your signature, as President on union checks when you are out of town. Article V, Section 5(c) of Local 1066's bylaws require that all checks be signed by the treasurer and counter-signed by the president and the financial secretary. OLMS recommends that Local 1066 review this process to improve internal control of union funds.

I want to extend my personal appreciation to Local 1066 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,



Senior Investigator

cc: Mrs. Maria "Lisa" Popplewell, Financial Secretary