



November 30, 2018

Mr. Thomas Heimer, President
Steelworkers, AFL-CIO, Local 75
1285 Minnehaha Ave. E
St. Paul, MN 55106

Case Number: 320-6014527 [REDACTED]
LM Number: 006637

Dear Mr. Heimer:

This office has recently completed an audit of Steelworkers AFL-CIO Local 75 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 Brian Bell on November 21, 2018, 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 Violation

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 75's 2017 records revealed the following recordkeeping violation:

Meal Expenses

Local 75 did not require officers to submit itemized receipts for meal expenses totaling at least \$681. For example, you charged a \$48.38 meal at Brews Brothers Pub on October 25, 2017 using the union debit card. A debit card charge slip has been maintained, but the union failed to maintain an itemized receipt. 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.

The audit also revealed that Local 75 records of meal expenses did not always include the names and titles of the persons incurring the restaurant charges. For example, you charged a \$35.25 meal at Milwaukee Burger Company on October 25, 2017. A debit card charge slip was maintained for this expense, but the receipt did not include the full names and titles of those present. 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.

Based on your assurance that Local 75 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 75 for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Disbursements to Officers

Local 75 did not include some reimbursements and indirect disbursements to officers totaling at least \$131 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, you used the union debit card to purchase a \$26.61 meal at Applebee's on October 25, 2017; however, this disbursement was not reported in Item 24. It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 75 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 Expense).

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 gave away bibles as condolence gifts 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 75 file an amended LM report for 2017 to correct the deficient item, but Local 75 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers Local 75 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. Brian Bell, Financial Secretary