



September 19, 2018

Mr. Sam Trissel, President
Steelworkers, AFL-CIO, Local 4547
[REDACTED]

Case Number: 320-6014469 [REDACTED]
LM Number: 008961

Dear Mr. Trissel:

This office has recently completed an audit of Steelworkers, AFL-CIO Local 4547 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, Financial Secretary Larry Montgomery, Treasurer Josh Flanders, and former Treasurer Ron Buchmann on September 5, 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 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 4547's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 4547 did not retain adequate documentation for payments to you and Steward Robert Stenzel totaling at least \$900 in 2017. For example, adequate supporting documentation was not retained for a \$580 reimbursement to you for lodging charges you incurred at the

MGM Grand Hotel and Casino in Las Vegas, NV in April 2017 while attending the United Steelworkers Convention. In support of this payment, Local 4547 only retained a voucher and a hotel reservation confirmation sheet, which is not sufficient.

As another example, Local 4547's records of meal expenses did not always include itemized receipts. For example, an itemized receipt was not retained for a \$104.48 meal expense you incurred at the Glass Nickel Pizza Company in Brookfield, WI on January 21, 2017. In support of this expense, Local 4547 only retained a credit card signature receipt, which is not sufficient.

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. Lost Wages

Local 4547 did not retain adequate documentation for lost wage reimbursement payments to Mr. Buchmann, Mr. Stenzel, and you totaling at least \$416 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. Buchmann, Mr. Stenzel, and you did not always 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 Lodge 696 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.

3. Disposition of Property

The audit revealed that Local 4547 purchased gift cards, toys, games, and various other items totaling at least \$844 that it gave away at two Christmas parties it held for members' children during the year; however, Local 4547 did not maintain adequate records that identified the recipients of gift cards, toys, games, and other items totaling at least \$438 that were given away at one of the parties. Records must be retained which account for all union property. In the case of gift cards, toys, games, or other items sold or given away to

members (or their children), records must be maintained to clarify and support information required to be reported by Local 4547 in Statements A (Assets and Liabilities) and B (Receipts and Disbursements) 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 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 (or their children), the union must retain records that identify the date the items were given away and the recipients of those items.

4. Lack of Salary Authorization

Local 4547 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) and Item 46 (Disbursements to Employees) of the LM-3 were the authorized amounts and therefore were correctly reported.

At the opening interview, Mr. Buchmann advised that salaries for Local 4547's officers and stewards were authorized by a standing motion approved by Local 4547's membership at least 25 years ago; however, authorization for these salaries could not be identified in Local 4547's meeting minutes or any other union records. The union must keep a record, such as meeting minutes, to show the current salaries and allowances for officers and employees as authorized by the entity or individual in the union with the authority to establish salaries and allowances.

5. Failure to Retain Voided Checks

The audit revealed that Local 4547 failed to retain two voided checks during fiscal year ended (FYE) December 31, 2017. During the opening interview, Mr. Buchmann indicated that while he was treasurer, it was his practice to shred all voided checks. As a general rule, all types of records created or used in the normal course of doing union business must be maintained by the union for five years.

Based on your assurance that Local 4547 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 4547 for the FYE December 31, 2017, was deficient in the following areas:

1. 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 Local 4547 gave away gift cards, toys, games, and other Christmas party gifts totaling at least \$844 during the year. The union must identify the type and value of any property received or given away in Item 56 (Additional Information) 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. Disbursements to Officers and Employees

Local 4547 did not include disbursements for lost wages paid to Trustee Brad Zeznanski totaling at least \$144 in the amounts reported in Item 24 (All Officers and Disbursements to Officers), Column D (Gross Salary). Local 4547's disbursements records indicate that Mr. Zeznanski received gross salary (including lost time) of \$187; however, the total amount reported in Column D of Item 24 for Mr. Zeznanski was \$43. It appears the union erroneously reported Mr. Zeznanski's lost wage payments in Column E (Allowances and Other Disbursements) of Item 24.

Additionally, Local 4547 did not include reimbursements to you and Mr. Buchmann totaling at least \$2,043 in the amounts reported in Item 24, Column E. Local 4547's disbursements records indicate that you and Mr. Buchmann received reimbursed expenses totaling \$3,315; however, the total amount reported in Column E of Item 24 for you and Mr. Buchmann was \$1,272. At the exit interview, Mr. Montgomery advised that he erroneously reported the payments to Mr. Buchmann and you in Item 48 (Office & Administrative Expense) and Item 54 (Other Disbursements), respectively.

Further, Local 4547 erroneously reported Steward Robert Stenzel and the gross salary payments made to him in Item 24 rather. The union must report in Item 24 all persons who held office during the reporting period and the full amount paid to them; however, "Officer" is defined in Section 3(n) of the LMRDA (29 U.S.C. 402) as "any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive functions of a labor organization, and any member of its executive board or similar governing body." During the opening interview, Mr. Montgomery and you confirmed that stewards are not members of the union's executive board and the union's bylaws do not identify them as officers of the union. The total payments to Mr. Stenzel should be reported in Item 46 (Disbursements to Employees).

The union must report most direct disbursements to Local 4547 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).

I am not requiring that Local 4547 file an amended LM report for 2017 to correct the deficient items, but Local 4547 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Pre-signing Checks

During the opening interview, Mr. Buchmann advised that while he was treasurer he often pre-signed checks issued to the Layton Heights Bar for monthly membership meeting refreshments. Mr. Buchmann further advised that all Local 4547 checks require at least two signatures. 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. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. At the exit interview, Mr. Flanders advised that Local 4547 no longer allows any checks to be pre-signed.

I want to extend my personal appreciation to Steelworkers Local 4547 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. Larry Montgomery, Financial Secretary
Mr. Josh Flanders, Treasurer
Mr. Ron Buchmann