

U.S. Department of Labor

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April 9, 2008

Mr. Rick Bahr, President
Steelworkers Local 02-469
3635 N. Oneida Street
Appleton, WI 54911

LM File Number: 068-922
Case Number: [REDACTED]

Dear Mr. Bahr:

This office has recently completed an audit of Steelworkers Local 02-469 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 former Financial Secretary-Treasurer Randy Arnoldussen, Financial Secretary-Treasurer Lee Ann Schissel, and Trustee Lynn West on the above date, 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 02-469's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 02-469 did not retain adequate documentation for reimbursed expenses incurred by officers and employees totaling at least \$2,341.80. For example, former Financial Secretary-Treasurer Randy Arnoldussen charged \$1,383.30 to his personal credit card for four hotel rooms associated with the Women of Steel Conference for various officers and members; however, no hotel folios were maintained.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. 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. Receipt Dates and Sources not Recorded

Entries in Local 02-469's general ledger for money collected for the Christmas Party do not identify the date money was received, the sources, or the individual amounts. For example, Local 02-469 recorded \$1,660 in January 2007 and \$1,510 in December 2007 in the general ledger with the source as "party tickets" or "Local 02-469," which are not sufficiently descriptive. The entries suggest the funds were related to the December 2006 and 2007 Christmas parties.

Receipts records must show the date, amount, and source of all receipts. 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-2. The LM-2 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 reporting some receipts for a different year than the one in which they were received.

Based on your assurance that Local 02-469 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 02-469 for fiscal year ending December 31, 2006 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 Local 02-469 gives away gift cards to retirees, members out of work due to illness or injury, and as door prizes at the Christmas Party and membership meetings. Local 02-469 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. Each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees."

2. 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 changes to its constitution or bylaws. Local 02-469 amended its constitution and bylaws in 2002, but did not file a copy with its LM report for that year. Local 02-469 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 02-469 file an amended LM report for 2006 to correct the deficient items, but Local 02-469 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Members of Local 02-469 pay \$10 per person to attend the Christmas Party. During the audit year, Financial Secretary-Treasurer Randy Arnoldussen and various stewards collected at least \$3,170 for the social function. The majority of the members paid Local 02-469 officers and employees with cash. No receipts were given to members. OLMS recommends that Local 02-469 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to Steelworkers Local 02-469 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. Randy Arnoldussen, former Financial Secretary-Treasurer
Ms. Lee Ann Schissel, Financial Secretary-Treasurer
Ms. Lynn West, Trustee