



March 3, 2016

Mr. Pete Tio, President
Steelworkers Local 2-2138
[REDACTED]
Eau Claire, WI 54703

Case Number: 320-6006479 [REDACTED]
LM Number: 008948

Dear Mr. Tio:

This office has recently completed an audit of Steelworkers Local 2-2138 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 Kurt Roberts, and Treasurer Mark Hurlburt on February 26, 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 2-2138's 2014 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and General Reimbursed Expenses

Local 2-2138 did not retain adequate documentation for disbursements to vendors and payments to you, Mr. Hurlburt, and former Financial Secretary Tim Carlson totaling at least

\$10,158 in 2014. For example, adequate supporting documentation was not retained for a \$55.30 reimbursement to Mr. Carlson on April 1, 2014 for purchasing envelopes and paying for postage. No receipts were retained and no dates of purchase or vendor names were recorded on the voucher retained for these expenses. As another example, adequate supporting documentation was not retained for a \$1,866.15 check issued to The Eagle's Club on January 6, 2014 for hall rent and refreshments for Local 2-2138's Christmas Party. In support of this payment, Local 2-2138 only retained a voucher and the check stub, which is not sufficient.

As another example, officers and employees were not required to submit itemized meal receipts for meal expenses totaling at least \$427 in 2014. Local 2-2138's records of meal expenses also did not always include the date, the names and titles of the persons incurring or receiving the benefit of the restaurant charges, or the business purpose of the meal expense. For example, an itemized receipt was not retained for a \$65.30 meal expense incurred by you at Farm on Starr in Eau Claire, WI on February 13, 2014, and neither the credit card signature receipt or voucher retained for this meal expense included the nature of the union business conducted or 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. Hurlburt, and Mr. Carlson received reimbursement for business use of your personal vehicles, but did not retain adequate documentation to support payments made to yourself and them totaling at least \$862 during 2014. Mr. Hurlburt's and Mr. Carlson's mileage reimbursements were claimed on expense vouchers that normally identified total mileage expenses; however, the expense vouchers were not sufficient because they failed to identify the total miles driven, the dates of travel, the locations traveled to and from, the number of miles driven each day, and the union business conducted. Your mileage reimbursements were claimed on expense vouchers that normally identified total mileage expenses and the union business conducted; however, the expense vouchers were not sufficient because they failed to identify the total miles driven, the dates of travel, the locations traveled to and from, and the number of miles driven each day. 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 2-2138 did not retain adequate documentation for lost wage reimbursement payments to you, Mr. Hurlburt, Vice President Dennis Wagner, and Recording Secretary Jeff Bauer totaling at least \$4,793 during 2014. 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. Hurlburt, Mr. Wagner, Mr. Bauer, and you did not always identify the date lost wages were incurred and 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 2-2138 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

During 2013, Local 2-2138 purchased tee-shirts totaling \$1,544 that were given away to members in 2013 and 2014; however, Local 2-2138 failed to maintain an inventory of the tee-shirts that were purchased and given away. Additionally, Local 2-2138 did not maintain adequate records that identify the recipients of the tee-shirts that were given away. Records must be retained which account for all union property. In the case of tee-shirts or other items sold or given away to members, records must be maintained to clarify and support information required to be reported by Local 2-2138 in Statements A and B of the Labor Organization Annual Report (Form LM-3). The value of any tee-shirts 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.

Based on your assurance that Local 2-2138 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 2-2138 for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Officers not Listed in Item 24

Local 2-2138 did not report the names of some officers in Item 24 (All Officers and Disbursements to Officers). At the opening interview, you and Mr. Hurlburt stated that Guard Randy Lane, Guard Denny Hansen, and Guide [REDACTED] were not reported in Item 24 because none of them received salaries, lost wages, or reimbursed expense payments during 2014. The union must report in Item 24 all persons who held office during the year regardless of whether they received any payments from the union.

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 an unknown number of tee-shirts to members during 2014. 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 2-2138 file an amended LM report for 2014 to correct the deficient items, but Local 2-2138 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Steelworkers Local 2-2138 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. Kurt Roberts, Financial Secretary
Mr. Mark Hurlburt, Treasurer