



April 29, 2016

Mr. Mark Levig, President
Steelworkers, AFL-CIO, Local 22
P.O. Box 13
Merrifield, MN 56465

Case Number: 320-6007238
LM Number: 039725

Dear Mr. Levig:

This office has recently completed an audit of Steelworkers (USW) Local 22 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 Treasurer Charlie Bahr on April 22, 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 22's 2013, 2014, and 2015 records revealed the following recordkeeping violations:

1. Disbursements to Vendors and Reimbursed Officer Expenses

Local 22 did not retain adequate documentation for disbursements to vendors and payments to officers totaling at least \$3,684. For example, on December 4, 2013 Vice President

██████████ was reimbursed \$100 for cab fare; however, Local 22 retained no supporting documentation for this reimbursement. As another example, adequate supporting documentation was not retained for a \$313 check issued to Rafferty's Pizza on November 26, 2013 for the purchase of pizza for a union meeting. In support of this expense, Local 22 only retained a hand written note attached to a voucher, which is not sufficient.

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. Lost Wages

Local 22 did not retain adequate documentation for lost wage reimbursement payments to you totaling at least \$969.28. For example, on December 4, 2013 you were reimbursed \$527.45 for lost wages when you attended the USW conference in Pittsburgh, PA. In support of this payment, Local 22 retained a voucher; however, the voucher was not sufficient in that it failed to document the dates the lost wages were incurred, the number of hours lost, and the rate of pay at which lost wages were reimbursed. 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.

During the exit interview, I provided a sample expense voucher Local 22 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.

Based on your assurance that Local 22 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 LM-3 filed by Local 22 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 of the LM-3 Report (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 T-shirts to members and donated \$500 to Steelworkers Local 63 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. Item 51 (Contributions, Gifts, & Grants)

Local 22 failed to properly report a \$500 donation made on February 3, 2015 to the USW Local 63 Strike Fund to assist members of Local 63 who were on strike. This amount should have been reported in Item 51 (Contributions, Gifts, and Grants); however, it appears the union erroneously reported this donation in Item 48 (Office and Administrative Expenses). The LM-3 instructions for Item 51 require reporting of “disbursements for contributions, gifts, and grants made by your organization” in this item.

I am not requiring that Local 22 file an amended LM report for 2015 to correct the deficient items, but Local 22 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to USW Local 22 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. Charlie Bahr, Treasurer