



March 18, 2024

Travis Bellile, President
Steelworkers, AFL-CIO Local 1970
PO Box 23
New London, WI 54961

Case Number: 320-6025879()
LM Number: 064796

Dear President Bellile:

This office has recently completed an audit of Steelworkers Local 1970 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 and Treasurer Christopher Weyenberg on March 14, 2024, 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 1970's 2022 records revealed the following recordkeeping violations:

1. Disposition of Property

The audit revealed that Local 1970 did not maintain an inventory of tee-shirts, hats, and jackets it gave away during the audit period. While Local 1970 retained records that identified the persons who received these items and the dates they received them, it did not maintain records that identified the tee-shirts, hats, and jackets that were on hand at

the beginning and end of the year. Additionally, Local 1970 did not retain adequate records for gift cards and other prizes it gave away at its golf outing and Christmas parties. The audit revealed that Local 1970 purchased gift cards and other prizes that were given away at these events; however, it did not maintain adequate records that identified the recipients of the items that were given away.

Records must be retained which account for all union property. In the case of gift cards, 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 1970 in Statements A (Assets and Liabilities) and B (Receipts and Disbursements) of the Labor Organization Annual Report (Form LM-3). The values of any tee-shirts, hats, jackets, gift cards, or similar property on hand at the beginning and end of the year must 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) of such property.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

2. Disbursements to Vendors and General Reimbursed Expenses

Local 1970 did not retain adequate supporting documentation for disbursements to vendors and payments to you, Vice President Scott Heimbruch, Treasurer Weyenberg, and Financial Secretary Ben Barrington totaling at least \$11,967. For example, adequate supporting documentation was not retained for two disbursements totaling \$2,467.49 that Local 1970 made to Tennies Jewelry, Inc. In support of these payments, Local 1970 retained the check stubs and vendor invoices; however, no business purposes were recorded for these purchases. As another example, adequate supporting documentation was not retained for a \$3,300 reimbursement to Vice President Heimbruch for some of the local's golf outing expenses. In support of this payment, Local 1970 only retained the check stub, a voucher, and a non-itemized receipt from Hidden Waters Golf Course, 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.

3. Failure to Record Receipts and Receipt Date Not Recorded

The audit revealed that Local 1970 did not record in its receipts records cash receipts from the sale of golf outing and 50/50 raffle tickets during the audit year. The amount of cash Local 1970 received from these sources is unknown but is likely between \$600 to \$1,200. In addition, an entry in Local 1970's ledger reflects the date the union deposited money, but not the date the money was received for a \$975.22 stock dividend check. Union receipt records must show the date of receipt.

Union receipt records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B of the LM-3. The LM-3 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 the union reporting some receipts for a different year than when it actually received them.

4. Lost Wages

Local 1970 did not retain adequate documentation for lost wage reimbursement payments to you, Treasurer Weyenberg, and Trustee Shawn Tennie totaling at least \$6,005. 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 Local 1970 retained vouchers for lost wage reimbursements, but in many instances the vouchers were not sufficient because you, Treasurer Weyenberg, and Trustee Tennie did not adequately describe the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contains a sample of an expense voucher Local 1970 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.

5. Lack of Salary Authorization

Local 1970 did not maintain records to verify the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported.

At the opening interview, you and Treasurer Weyenberg advised that Local 1970's bylaws include officer salaries that can be increased yearly with the Amcor contract and that Local 1970 also holds a membership vote every January to authorize the yearly salary increases. However, authorization for the union's current officer salaries could not be identified in Local 1970's meeting minutes, bylaws, or any other union record.

The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or the individual in the union with the authority to establish salaries.

Based on your assurance that Local 1970 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 1970 for the fiscal year ended December 31, 2022, 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 995 gave away gift cards and other prizes, tee-shirts, jackets, and hats 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. Receipts and Disbursements from 50/50 Raffles and the Golf Outing

Local 1970 failed to report cash received from the sale of 50/50 raffle and golf outing tickets and matching cash disbursements subsequently made for these events during the year. Local 1970 did not report an estimated \$600 to \$1,200 it collected and subsequently awarded to members or used to buy prizes/gifts. Local 1970 is required to report all money collected from raffle and social event ticket sales in Item 43 (Other Receipts). All money (cash or check) awarded to union officers must be reported in Item 24, Column D (Gross Salary), while all other money awarded by the union and all disbursements for gifts/prizes is required to be reported in Item 51 (Contributions, Gifts, and Grants). OLMS recommends that for future raffles/golf outings, Local 1970 deposit the total amount of the raffle/golf outing ticket proceeds and write checks to the raffle winners and to purchase prizes/gifts.

3. Disbursements to Officers

The audit revealed that Local 1970 did not include reimbursements to you, Treasurer Weyenberg, and Vice President Heimbruch totaling at least \$8,294 in Item 24, Column E

(Allowances and Other Disbursements). Local 1970's disbursement records indicate that you, Treasurer Weyenberg, and Vice President Heimbruch received reimbursed expenses totaling at least \$8,294; however, the total amount reported in Column E of Item 24 for you, Treasurer Weyenberg, and Vice President Heimbruch was \$0. Local 1970 appears to have erroneously reported the reimbursements it paid to you, Treasurer Weyenberg, and Vice President Heimbruch in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 970 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.

I am not requiring that Local 1970 file an amended LM report for 2022 to correct the deficient items, but Local 1970 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Lost Wage Policy

During the audit year, Local 1970 made lost wage reimbursement to its officers totaling at least \$29,868; however, the union does not have written policies that document its lost wage reimbursement policies.

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering lost time payments. OLMS recommends that unions: (1) adopt clear policies and procedures for making lost time or similar payments, and (2) use vouchers that require detailed information to support lost time payments. These practices will allow the union to properly report lost time payments of this type on the Form LM-3.

OLMS recommends that union policies and procedures for lost wages be reduced to writing and added to your union's bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for handling payments for lost time. You may want to have your union's trustees or auditors compare the steps taken to pay lost time with the union's policies to make sure that all required procedures are being followed.

I want to extend my personal appreciation to Steelworkers Local 1970 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: Christopher Weyenberg, Treasurer