

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Denver District Office
1999 Broadway, Suite 2435
Denver, CO 80201-6550
(720) 264-3232 / FAX: (720) 264-3230



May 17, 2005

Mr. Vince Ressel, Financial Secretary
IAM LL 1338

6

Re: 2

Dear Mr. Ressel:

This office has recently completed an audit of the International Association of Machinists Local Lodge 1338 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 on April 20, 2005, 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.

The CAP disclosed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 1338's officers and employees are currently bonded for \$21,000, but they must be bonded for at least \$27,000. The union should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained.

Union officers failed to record the date and/or purpose of some lost wage claims on records submitted for such expenses. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages must be retained. During the exit interview, I provided samples of blank expense vouchers Local 1338 may use that identify the type of information and documentation which must be retained for lost wages and other officer expenses.

It will be necessary for Local 1338 to file an amended LM-3 report for 2004 to correct the deficient items discussed above. The necessary reporting forms and instructions are enclosed for your use. You may also use the new electronic forms software available from OLMS to complete the amended reports. One copy of each amended report should be submitted to this office at the above address as soon as possible, but no later than 05/30/05. Before mailing, review the reports thoroughly to be sure they are complete, accurate, and signed properly with original signatures.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your and Local 1338 officer's successors at whatever time you may leave office

I want to thank Vince Ressel and IAM local 1338 for their cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

7(C) - - -

Investigator