

U.S. Department of Labor
Employment Standards Administration

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March 18, 2005

Mr. Walter Leonard
Treasurer
Machinists, AFL-CIO
LG 1180
7667 Humphrey Road
P.O. Box 268
Gasport, NY 14067

RE: **2**

Dear Mr. Leonard:

This Office has recently completed an audit of Machinists, Local 1180 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with Mike Szulis, Peter Roberts, and you on March 18, 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

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained.

The following record keeping violations were revealed during the audit of Local 1180's 2003 records:

- Union officers failed to record the date and/or purpose of 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 our meeting, you presented a copy of lost time vouchers provided to you by your international. You agreed to use the vouchers in the future. Provided that Local 1180 maintains adequate documentation for its lost time disbursements in the future, no additional enforcement action will be taken regarding this violation.

- Union officers failed to retain executive board meeting minutes. All meeting minutes for general membership, executive board and special meetings should be retained by the union.

As agreed, Local 1180 will maintain adequate documentation for executive board meeting minutes in the future.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 1180 for fiscal year ending December 31, 2003 was deficient in the following areas:

- Local 1180 erroneously reported funds in certificates of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, certificates of deposit are considered to be cash, regardless of the length of their term. The purchase or redemption of a certificate of deposit is simply a transfer of cash from one account to the other and therefore should not be reported either as a receipt or disbursement.
- Local 1180 erroneously reported \$18,000 in other receipts in item 43 of their 2003 LM-3 report. This is the transfer of funds from one account to another, it is not new receipts.
- The names of some officers who held office during the year were not reported in item 24 with the total amount of payments to or for them. The names of all persons who held office during the year must be reported in item 24 regardless of whether or not they received any payments from the union.
- A credit established with your international for unpurchased apparel should be listed as other assets in statement A, item 30. Any credit the union has should be considered an asset. Mr. Szulis explained the remaining money was applied to per capita taxes owed to the international. In the future you agreed to retain documentation indicating how such credit was used.

I am not requiring that Local 1180 file an amended LM-3 report for 2003 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 1180 amended its constitution and bylaws in 2002, but a copy of the constitution and bylaws was not filed with Local 1180's LM-3 report for that year.

One copy of Local 1180's constitution and bylaws have now been filed with our office.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours, Mr. Szulis's and Mr. Robert's successors at whatever time you may leave office.

I want to extend my personal appreciation for you, Mr. Szulis and Mr. Roberts cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

FCC)

Investigator

cc: Mike Szulis, President