

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 21, 2006

Mr. Frank Bonneau, Secretary-Treasurer
Machinists AFL-CIO
LLG FL-7
333 SW 1st Avenue
Portland, Oregon 97204

Re: Case Number:

Dear Mr. Bonneau:

This office has recently completed an audit of Machinists LLG FL-7 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 George Rivard, Debra Petterson, Frank Bonneau, and Bruce Spalding on August 31, 2006, 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

The CAP disclosed that there were violations of Title II of the LMRDA which establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other

equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

Adequately Maintained Records

Federal Lodge 7 failed to adequately maintain records of the union's disbursement and receipts. As discussed during the closing conference there were at least three receipts not correctly maintained in the lodge's receipt information and at least two instances where there was a failure to maintain your disbursement information. We also noted in one case that a receipt for a member's union dues payment was missing.

Conclusion/Recordkeeping Violation(s)

As agreed, provided that Federal Lodge 7 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation

Reporting Violations

Deficient Annual Report

The CAP 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 Federal Lodge 7 for fiscal year ending December 31, 2003, was deficient. The report had incorrect beginning and ending cash balances.

Failure to file Bylaws

The CAP disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised constitution and bylaws with its LM report when constitution or bylaw changes are made. Federal Lodge 7's constitution changed in 2005, but a copy was not filed with its LM report.

Conclusion/Resolution of Reporting Problems

Federal Lodge 7 was required to file an amended LM report for 2003 using the LM-4 report and to correct the deficient items. The union provided an amended LM-4 report at the closing interview. No additional enforcement action will be taken regarding this violation.

Federal Lodge-7 provided a copy of their constitution and it has now been filed. No additional enforcement action will be taken regarding this violation.

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I want to extend my personal appreciation to Machinists LLG FL-7 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: George Rivard, President
Bruce Spalding, International Grand Lodge Auditor