

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Buffalo District Office
130 South Elmwood Street
Room 510
Buffalo, NY 14202-2465
(716)842-2900 Fax: (716)842-2901



January 30, 2008

Ms. Kathy Jordan, Secretary Treasurer
Machinists AFL-CIO
LG 2495
1871 E. Elmwood Avenue
Falconer, NY 14733

LM File Number 069-519
Case Number: [REDACTED]

Dear Ms. Jordan:

This office has recently completed an audit of Machinists LG 2495 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 January 23, 2008, 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 Lodge 2495's 2007 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Lodge 2495 did not maintain adequate documentation for interest earned on a certificate of deposit totaling at least \$158.58. For example, bank statements relating to the certificate of deposit account were not retained. Union receipts 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.

2. Lost Wages

Lodge 2495 did not retain adequate documentation for lost wage reimbursement payments to union officers. 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 OLMS audit found that officers did not identify on some lost wage vouchers the dates lost wages were incurred, number of hours lost on each date and the specific union business being conducted.

During the exit interview, we reviewed the expense voucher used by Lodge 2495. We discussed the type of information and documentation that the Lodge must maintain for lost wages and other officer expenses.

Based on your assurance that Lodge 2495 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 Lodge 2495 for fiscal year ending December 31, 2006, was or deficient in the following areas:

1. Disbursements to Officers

Lodge 2495 did not include some reimbursements to officers, for example reimbursement to Kathy Jordan for payment of bills and postage, in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Items 48 (Office & Administrative Expense) and 54 (Other Disbursements).

The union must report most direct disbursements to Lodge 2495 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.

2. Disbursements to Non-officers

Lodge 2495 did not include disbursements to non-officer stewards and committee members for allowances in the amounts reported in Item 46 (Disbursements to Employees). It appears the union erroneously reported these payments in Items 48 and 54. The union must report most direct disbursements to Lodge 2495 non-officers as disbursements to employees.

Ms. Kathy Jordan
January 30, 2008
Page 4 of 4

I am not requiring that Lodge 2495 file an amended LM report for 2006 to correct the deficient items, but Lodge 2495 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Machinists LG 2495 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: Jack L. Hecker, Grand Lodge Auditor
JoLayne Chase, President