

**U.S. Department of Labor**

Employment Standards Administration  
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February 2, 2009

Mr. Tony Wilson, President  
Machinists AFL-CIO  
Local 176  
PO Box 901865  
Kansas City, MO 64190

LM File Number 540-780  
Case Number: [REDACTED]

Dear Mr. Wilson:

This office has recently completed an audit of Machinists Local 176 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 David Mattingly on January 27, 2009, 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.

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-2 filed by Local 176 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 176 inadvertently included reimbursements to officers for meals and office supplies in Column D (Gross Salary) in Schedule 11 (All Officers and Disbursements to Officers) when it should have been recorded in Column F (Disbursements for Official Business).

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

## 2. Purchase of an Investment or Fixed Asset

Local 176 failed to record the purchase of a laptop computer for \$1,248.81 in Schedule 4 (Purchase of Investments and Fixed Assets). The union must report the details of the purchase of a fixed asset during the reporting period, as stated on page 15 of the LM-2 instructions. This includes a general description of the asset, the value of the asset entered in the union books, and the total amount paid for each asset.

I am not requiring that Local 176 file an amended LM report for 2007 to correct the deficient items, but Local 176 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 Local 176 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,

Mr. Tony Wilson  
February 2, 2009  
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Investigator

cc: David Mattingly, Treasurer