

U.S. Department of Labor

Office of Labor-Management Standards
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January 18, 2011

Ms. Donna Laws, Secretary-Treasurer
Machinists Lodge 1782
1511 Rollins Road
Burlingame, CA 94101

LM File Number: 541-449
Case Number: [REDACTED]

Dear Ms. Laws:

This office has recently completed an audit of Machinists Lodge 1782 (Lodge 1782) 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 Grand Lodge Auditor Greg Masztal on January 13, 2011, 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 Violation

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 1782's 2009 records revealed the following recordkeeping violation:

Certificate of Deposit (CD) Bank Statement

Lodge 1782 did not maintain the third quarter bank statement for the CD account.

Based on your assurance that Lodge 1782 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 1782 for fiscal year ending December 31, 2009, was deficient in the following areas:

1. Failure to File Bylaws

The audit 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 it makes changes to its constitution or bylaws. Lodge 1782 amended its constitution and bylaws, but did not file a copy with its 2009 LM report. Lodge 1782 agreed to file a copy of its most current bylaws dated July 1, 2010 with their 2010 LM-3 report.

2. Failure to Record Fixed Assets

Lodge 1782 did not properly report its fixed assets in its 2009 LM-3 report. During the audit year, Lodge 1782 purchased three computers that were not recorded in Item #29 (Fixed Assets) or #52 (Purchase of Investments & Fixed Assets) on the 2009 LM-3 report.

Because Lodge 1782 agreed to properly report this item on future reports it files with OLMS, I am not requiring Lodge 1782 file an amended report for 2009.

I want to extend my personal appreciation to Lodge 1782 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: Mr. Scott Rothstein, President