

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cincinnati District Office
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Cincinnati, Ohio 45202
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May 27, 2005

Jesse Shepherd
President
Machinists Local Lodge 619

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Re: 2

Dear Mr. Shepherd:

This office has recently completed an audit of Machinists Local Lodge 619 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 James Banks and yourself on April 8, 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. 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 recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local Lodge 619's 2004 records. Union officers failed to record the date and/or purpose of some lost wage claims on records submitted for such expenses. Records that identify the date, number of hours lost, rate of pay, and union purpose for all lost wages must be retained. During the exit interview, I provided samples of lost time vouchers found in the records during the audit that did not have all of the above required information. Union officers and employees failed to retain adequate documentation for some reimbursed expenses. During the exit interview, I provided an example of an officer's voucher claiming lodging expenses in conjunction with his attendance at the international's convention in Cincinnati, Ohio that did not have an attached hotel receipt. Some checks which were voided and not issued were not retained in the union's records.

As agreed, provided that Local Lodge 619 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

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The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local Lodge 619's officers and employees are currently bonded for \$30,000 but they must be bonded for at least \$35,000. You agreed to take steps to remedy this situation. I will be reviewing the updated coverage you obtain to ensure that the union is in compliance with the LMRDA bonding requirements.

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 Lodge 619 amended its bylaws in 1992, but a copy of the bylaws was not filed with Local Lodge 619's LM-3 report for that year. You provided a copy of the bylaws, so no further action is necessary in regard to the bylaws.

As requested during the exit interview, I have enclosed some compliance assistance materials with this letter. I strongly recommend that you make sure that this letter and the compliance assistance materials provided to you are passed on to yours and Mr. Bank's successors at whatever time you may leave office.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Investigator

Enclosures/As Stated

cc: James Banks, Treasurer w/o enclosures