



February 14, 2012

Mr. Cliff Logan, President  
BMW LG 671



Case Number: [REDACTED]  
LM Number: 010-787

Dear Mr. Logan:

This office has recently completed an audit of BMW LG 671 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 Treasurer K.W. McCarty on February 10, 2012, 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 671's 2011 records revealed the following recordkeeping violations:

1. Bank Statements

BMW Lodge 671 did not retain all bank statements for the fiscal year ended March 31, 2011. The union must retain all bank statements.

Based on your assurance that Lodge 671 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.

1. Delinquent Filing

BMW Lodge 671's Labor Organization Annual Report, Form LM-4, for the period ending March 31, 2011 was due June 30, 2011 or 90 days after the end of your organization's fiscal year. The report was received by the Department of Labor on October 26, 2011. BMW Lodge 671's reports for 2006, 2008, 2009, and 2010 were also filed after their due dates.

BMW Lodge 671 has agreed to file future reports on time with the Department of Labor.

I want to extend my personal appreciation to BMW LG 671 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. K.W. McCarty, Treasurer  
Mr. Jason Richert, BMW National Division Auditor