

U.S. Department of Labor

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July 27, 2009

Mr. David Schooley, Secretary Treasurer
Machinists AFL-CIO
Local Lodge 105
406 N. Bryan Street
Hicksville, Ohio 43528

LM File Number 013-579
Case Number: [REDACTED]

Dear Mr. Schooley:

This office has recently completed an audit of Machinists Local Lodge 105 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 July 7, 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.

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 Local Lodge 105's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Local Lodge Expenses

Local Lodge 105 did not retain adequate documentation for reimbursed expenses paid to Secretary Treasurer David Schooley totaling at least \$137.00. For example, reimbursements to Mr. Schooley for an audit committee dinner for \$84.55 and golf outing expenses totaling \$53.20 were not retained.

Furthermore, Local Lodge 105 did not maintain adequate documentation for local expenses totaling at least \$4,889.00. These expenses included: registration fees, training and education fund expenses, taxes, and donations.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Documentation of Receipts

Entries in Local Lodge 105 receipts records did not reflect the date or source of some direct dues payments as well as monies collected for the golf outing fundraiser totaling at least \$3,300.00. For example, Local Lodge 105 participated in a Machinists sponsored golf outing where proceeds were donated to the Guide Dogs of America. President Jeff Campbell and Secretary Treasurer David Schooley collected registration and hole fees but neglected to document the date, source, or amount collected. 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 to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3.

3. Information not Recorded in Meeting Minutes

During the audit, Secretary Treasurer David Schooley advised OLMS that the membership voted to send him as a delegate to the September 2008 convention at the April 2008 membership meeting. Though the April 9, 2008 meeting minutes did reflect authorization for Mr. Schooley to attend the convention, there was no record of what travel expenses were approved. For example, the convention started on September 7, 2008 but Mr. Schooley arrived three days earlier on September 4, 2008 and claimed lodging and per diem reimbursements from Local Lodge 105.

Article IX, Section 6 requires that delegate expenses be submitted to the executive board for approval. During the exit interview Mr. Schooley told OLMS that the membership approved his expenses, including the early arrival to help with the Guide Dogs, sometime around July 2008, but no formal meeting was held. Local Lodge 105 maintained no minutes of that meeting. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local Lodge 105's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that Local Lodge 105 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Machinists Local Lodge 105 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,



Lead Investigator

cc: Jeff Campbell, President