



September 4, 2012

Mr. Daniel Felker, Treasurer  
Machinists (IAM) LL 1509

Case Number: [REDACTED]  
LM Number: 032091

Dear Mr. Felker:

This office has recently completed an audit of Machinists (IAM) Local Lodge 1509 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 Mike Gonzales on August 28, 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 Local Lodge 1509's 2011 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local Lodge 1509 did not maintain receipts records explaining the dates and sources of deposits totaling at least \$200. Although the lodge kept dues reconciliation sheets showing dues check-off amounts transmitted to the grand lodge, the district lodge, and

the local lodge, the lodge did not keep records for income directly collected by the lodge. The date, amount, purpose, and source of all money the lodge receives must be recorded in at least one record and should identify the individual amounts received from each source. OLMS recommends Lodge 1509 issue pre-numbered receipts to all members who make direct payments to the union and retain copies of those receipts. The use of a pre-numbered receipt book for all income received ensures that income that is not otherwise easily verifiable is recorded.

## 2. Expense Supporting Documentation

Lodge 1509 did not retain adequate documentation for reimbursed expenses incurred by President Lysle Jones totaling at least \$341. Specifically, the lodge not always retains expense vouchers, receipts, or bills documenting meeting and office expenses incurred by the president. Also, no receipts or invoices were kept in support of payments to a vendor for meeting expenses totaling \$403.

As 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.

As agreed, provided that Lodge 1509 retains adequate documentation in the future, OLMS will take no further enforcement action regarding these violations.

I want to extend my personal appreciation to you and Mr. Gonzales 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. Mike Gonzales, Grand Lodge Auditor  
Mr. Lysle Jones, President