

**U.S. Department of Labor**

Office of Labor-Management Standards  
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September 20, 2010

Mr. Ronald LaVertue, President  
Machinists AFL-CIO  
Local Lodge S-25  
198 Hagman Road  
Winthrop, MA 02152

LM File Number 519-216  
Case Number: [REDACTED]

Dear Mr. LaVertue:

This office has recently completed an audit of Machinists Local Lodge S-25 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 yourself, Vice President Andre LaVertue, Secretary-Treasurer Daniel Miller, former Recording Secretary [REDACTED] and Grand Lodge Auditor Mike Gonzales on September 7, 2010, 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. The CAP disclosed the following:

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 (LLG) S-25's 2009 records revealed the following recordkeeping violation:

#### General and Reimbursed Expenses

LLG S-25 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$864. For example, the union did not maintain adequate documentation for former Secretary-Treasurer [REDACTED]'s trip to Baltimore. Additionally, the union failed to maintain adequate documentation for general disbursements totaling at least \$625, such as payment to [REDACTED] and to District 60.

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.

Based on your assurance that LLG S-25 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Other Violations

The audit disclosed the following other violation(s):

#### Loan to Union Officer

The audit revealed a violation of LMRDA Section 503(a), which provides that no labor organization shall make directly or indirectly any loan to any officer of such

organization that results in a total indebtedness to the labor organization of such officer in excess of \$2,000.

Specifically, Former Recording Secretary [REDACTED] borrowed \$5,000 from LLG S-25 in December 2008, and repaid the \$5,000 to the union in January 2009. The loan did not appear to be authorized nor was the check co-signed by any other officer.

As of July 2010, [REDACTED] was no longer an officer of LLG S-25 or a signatory on the union's bank account. It should be noted any person who willfully violates Section 503 (Loans) may be fined or imprisoned not more than one year, or both. Since this matter constitutes a potential criminal violation of the LMRDA, the information will be forwarded to the United States Department of Justice.

### 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 LLG S-25 for fiscal year ending December 31, 2009, was deficient in the following areas:

#### 1. Loans

Item 18 (During the reporting period did your organization have loans totaling more than \$250 to any officer, employee, or member, or make any loans to a business enterprise?) was incorrectly answered, "No." LLG S-25 loaned \$5,000 to former officer [REDACTED] in 2008 and part of 2009. Therefore, this loan must be included in LLG S-25's 2008 and 2009 LM reports.

#### 2. Loans Made

Item 53 (Loans Made) was completed incorrectly in that the union reported \$0 in loans made in 2009. The union mistakenly reported the \$5,000 loan to [REDACTED] in Item 24(E) (Officer Allowance & Other Disbursements); however, it should have been reported in Item 53.

LLG S-25 must file an amended Form LM-3 for fiscal year ending December 31, 2009, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than September 30,

2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

1. Dues Deposits

The audit revealed that the union often held on to dues checks for an extended period of time before depositing them in its bank account. OLMS advises union officers to make regular and frequent deposits of dues to the union's bank account and to identify each deposit with a specific time period of receipts in the union's receipts journal to make the relations between receipts and bank deposits clear and easily verifiable.

I want to extend my personal appreciation to Machinists Local Lodge S-25 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: Andre LaVerue, Vice President  
Daniel Miller, Secretary-Treasurer  
Mike Gonzales, Grand Lodge Auditor