



January 24, 2023

Mr. Charles Walker, Secretary Treasurer
Machinists Lodge 791

Case Number: 420-6025432()
LM Number: 004496

Dear Mr. Walker:

This office has recently completed an audit of Machinists Lodge 791 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 December 20, 2022, 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 Violation

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 Machinists Lodge 791's 2021 records revealed the following recordkeeping violation:

General Reimbursed Expenses

Machinists Lodge 791 did not retain adequate documentation for reimbursed expenses incurred by Secretary Treasurer Robert Smith totaling at least \$119.18 for checks number 1333 and 1360.

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.

Based on your assurance that Machinists Lodge 791 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 Machinists Lodge 791 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Disbursements to Officers

Machinists Lodge 791 did not include some lost time disbursements to President Jesse Jurek totaling at least \$566.30 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The lodge also did not include some reimbursements totaling \$600.33 to President Jesse Jurek, Secretary Treasurer Robert Smith and Recording Secretary Jeff Marr. It appears the union erroneously reported these payments in Item 46.

The union must report most direct disbursements to Machinists Lodge 791 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Withholding Taxes

Machinists Lodge 791 included disbursements totaling at least \$6,667.05 paid to the Internal Revenue Service in Item 48 (Office and Administrative Expenses). Those disbursements should have been reported in Item 54 (Other Disbursements). The union must properly report all withholding taxes.

3. Donations

Machinists Lodge 791 did not properly report donations totaling \$480.00 given to the “Retirees of Machinists Lodge 791.” The donations were reported in Item 48 (Office and Administrative Expenses). Those disbursements should be reported Item 51 (Contribution, Gifts, and Grants). The union must properly report all donation disbursements.

4. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Machinists Lodge 791 amended its constitution and bylaws in 2021, but did not file a copy with its LM report for that year.

Machinists Lodge 791 has now filed a copy of its current constitution and bylaws with OLMS.

Machinists Lodge 791 must file an amended Form LM-3 for the fiscal year ended December 31, 2021, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than February 7, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Machinists Lodge 791 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. Robert Smith, President
Mr. Jeff Marr, Vice President
Mr. John Patterson, Recording Secretary
Mr. Will Crutchen, Chairman

Mr. Russell Cole, Conductor
[REDACTED], Trustee
Mr. Clayton Greer, Trustee
Mr. Mark Branscomb, Trustee
Mr. Thomas Massimini, Trustee