



August 29, 2023

Mr. Frederick Confer, President
International Association of Machinists and
Aerospace Workers, Local Lodge 1297
930 Grove Avenue
Ashland, OH 44805

Case Number: 350-6025716()
LM Number: 027694

Dear Mr. Confer:

This office has recently completed an audit of International Association of Machinists and Aerospace Workers (IAMAW) Local Lodge 1297 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, Financial Secretary Phillip Johnson and IAMAW Grand Lodge Auditor Patrick Smutney on August 16, 2023, 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 Local Lodge 1297's 2021 records revealed the following recordkeeping violations:

General Union Expenses and Reimbursed Expenses to Officers

Local Lodge 1297 did not provide sufficient explanation on check and disbursement records for payments made to members on seven occasions totaling \$2,294.55. There were no specific reasons given for the payments to the local members. There were several other instances in which insufficient information was provided for expenses to officers, such as, "union business." The explanations should be more specific to the task performed.

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.

Reporting Violations

The audit disclosed violations 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 Local Lodge 1297 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Failure to Report Investments

The audit revealed that Local Lodge 1297 had \$1,368.32 in Pentair stock that were not properly reported in Statement A – Assets and Liabilities, Item Number 28 – Investments. Local Lodge 1297 had 64 shares in Pentair during FY 2021 for which it received dividends in the amount of \$24.00 which were reported in Statement B – Receipts and Disbursements, Item Number 41 – Interest and Dividends. The value of 64 shares of Pentair on January 1, 2021 was approximately \$3,260.16. The value of 64 shares of Pentair on December 31, 2021 was approximately \$4,628.48.

2. Disbursements to Officers

Local 1297 did not include disbursements to officers totaling at least \$3.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). According to the union's Form LM-3, Confer received \$3,179 in gross wages. The union records and Confer's W-2 indicate that Confer received \$3,176 in gross wages.

The union must report most direct disbursements to Local 1297 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).

I am not requiring that Local Lodge 1297 file an amended LM-3 report for 2021 to correct the deficient items, but Local Lodge 1297 has agreed to properly report the deficient items on all future reports it files with OLMS. Local Lodge 1297 has also agreed to file all future reports electronically.

I want to extend my personal appreciation to International Association of Machinists and Aerospace Workers Local Lodge 1297 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. Phillip Johnson, Treasurer
Mr. Patrick Smutney, Grand Lodge Auditor