



January 11, 2011

Mr. Jason L. Richert, Auditor  
BMW Sub-Lodge 3097  
20300 Civic Center Drive  
Suite 320  
Southfield, MI 48076-4169

Case Number: [REDACTED]  
LM Number: 002236

Dear Mr. Richert:

This office has recently completed an audit of BMW Sub-Lodge 3097 under the Compliance Audit Program (CAP) to determine that 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 January 6, 2011, 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 Sub-Lodge 3097's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Sub-Lodge 3097 did not retain adequate documentation for reimbursed expenses, totaling at least \$837.29, incurred by former Treasurer [REDACTED] and President Dwayne Hutchinson. Former Treasurer [REDACTED] was reimbursed \$80.25 and President Hutchinson was reimbursed \$757.04 for expenses incurred while attending a convention in Las Vegas for which there were no receipts in the union records.

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 the union's LM report, are responsible for properly maintaining union records.

## 2. Failure to Maintain Required Financial Records

Sub-Lodge 3097 failed to maintain all required financial records for a period of five years as is required by the LMRDA. When Senior Investigator John Dozier picked up the union's financial records from former Treasurer [REDACTED], [REDACTED] explained that he threw away all union records that were more than two years old.

As noted above, 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.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Sub-Lodge 3097'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.

### 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-4) filed by Sub-Lodge 3097 for fiscal year ending March 31, 2009, was deficient in that:

#### 1. Failure to Report Receipts on LM-4 Report

Sub-Lodge 3097 failed to report interest in the amount of \$9.21 in Item 16 (Total Receipts) on its LM-4 report for fiscal year ending March 31, 2009.

I am not requiring that Sub-Lodge 3097 file an amended LM report to correct the deficient item, but the BMWWE Grand Lodge has agreed to properly report the deficient item on all future reports it files on behalf of Sub-Lodge 3097 with OLMS.

2. Delinquent Filing

The audit disclosed a violation of LMRDA Section 201 which requires labor organizations to file financial reports annually with the Department of Labor. Sub-Lodge 3097's Form LM-4 for the period ending March 31, 2010 was due June 29, 2010 or 90 days after the end of its fiscal year. The report has still not been filed with the Department of Labor.

You have promised to file the delinquent report with the Department of Labor on behalf of the local before January 28, 2010. It is our understanding that the report is complete and is awaiting signatures. If additional time is needed to file the delinquent report, please contact me at the number above. The BMWED has also agreed to file future reports on time with the Department of Labor.

I want to extend my personal appreciation to Sub-Lodge 3097 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 of Sub-Lodge 3097. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mr. C. Perry Rapier, Vice Chairperson