



December 11, 2013

Mr. John Matassa, Secretary Treasurer  
Amalgamated Workers Union Local 711  
119 S. Emerson St.  
Mt. Prospect, IL 60056

Case Number: 310-3123618( )  
LM Number: 540723

Dear Mr. Matassa:

This office has recently completed an audit of Amalgamated Workers Union Local 711 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 3, 2013, 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.

#### 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 Local 711 for the fiscal year ended December 31, 2012, was deficient in the following areas:

1. Number of Members in Labor Organization

The audit revealed that Local 711 incorrectly reported the number of members in the union in Item 19 (How many members in the union at the end of the reporting period?). Local 711 should report the number of all categories of members who pay dues at the end of the reporting period in Item 19. Nonmember employees who make payments in lieu of dues as a condition of employment under a union security provision in a collective bargaining agreement should not be included in the total.

2. Fidelity Bond

Item 20 (What is the maximum amount recoverable under the labor organization's fidelity bond?) was incorrectly answered as \$50,000. The audit revealed that Local 711 did not have any bonding coverage during the reporting year. Item 14 should have been answered as \$0 because your union was not covered by a fidelity bond during the reporting period.

3. Organization's Rate of Dues and Fees

Local 711 did not report its rates of dues and fees in Item 23 (What are your organization's rates of dues and fees?).

A labor organization must report its regular dues and fees or other periodic payments which a member must pay to be in good standing in the organization and must report the calendar basis for the payment (per month, per year, etc.). If your organization requires members to pay "working dues" as a part of regular dues, also report the amount or percent of "working dues" with the basis for payment (per month, per year, etc.). Include only dues or fees of members with special rates, such as apprentices, retirees, or unemployed members.

4. Status of All Officers of the Union

Local 711 incorrectly reported the status of officers in Item 24 (All officers and disbursements to officers). All of the officers were reported as continuing officers in Item 24; however; at least four of the officers of the local were not in office at the end of the reporting period and should have been reported as past officers of the union.

I am not requiring that Local 711 file an amended LM report for 2012 to correct the deficient items, but Local 711 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation:

**Inadequate Bonding**

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 711's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 711 has obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

Two Signatures Required on all Checks

The audit revealed that the Secretary-Treasurer was the sole signatory on all union disbursement checks. Your union's Constitution and Bylaws in Article VIII, Section 3, require that all checks be signed by the president and secretary-treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is for two officers to attest to the authenticity of a completed document. However, one signatory does not attest to the authenticity of a completed check and negates the purpose of the two signature requirement as required by the Constitution and Bylaws. OLMS recommends that Local 711 review these procedures to improve the internal controls of the union.

I want to extend my personal appreciation to Amalgamated Workers Union Local 711 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