



September 28, 2018

Mrs. Jeannie Thomas, Secretary-Treasurer  
IAM Local Lodge 822  
2929 North Fifth Street  
Quincy, IL 62305-9203

Case Number: 310-6013050 [REDACTED]  
LM Number: 007522

Dear Mrs. Thomas:

This office has recently completed an audit of IAM Local Lodge 822 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 and IAM Grand Lodge Auditor Bryan Pinette on August 29, 2018, 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.

#### Record Keeping 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 IAM Local Lodge 822's 2016 records revealed the following recordkeeping violations:

1. Disposition of Property

Local Lodge 822 did not maintain a complete inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28 / Item 30. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items. Although Local Lodge 822 does maintain an inventory list of all items it sells. The Local's inventory lists failed to record all fixed assets including items in its kitchen, such as the refrigerator and stove.

Local Lodge 822 added the aforementioned items to its inventory list during the audit.

Based on your assurance that Local Lodge 822 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### Reporting Violations

##### 1. Deficient Report

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 LM-3 filed by Local Lodge 822 for the fiscal year ended December 31, 2016, was deficient in that it improperly reported investments in item 25 (Cash) instead of item 28 (Investments).

Lodge 822 was required to file an amended Form LM-3 for the fiscal year ended December 31, 2016, to correct the deficient items above. Lodge 822 filed the amended report on August 27, 2017. As a result, OLMS will take no further action regarding the deficient items. Lodge 822 has agreed to properly report the deficient items on all future reports it files with OLMS.

##### 2. 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. Local Lodge 822 amended its constitution and bylaws in 2012, but did not file a copy with its LM report for that year.

Local Lodge 822 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to IAM Local Lodge 822 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. Steven K. Schutte, President Local Lodge 822  
Mr. Bryan Pinette, Grand Lodge Auditor