



May 5, 2020

Mr. Robert Martello, Secretary Treasurer  
International Association of Machinists Local Lodge 282  
822 Park Avenue  
Bremerton, WA 98337

Case Number: 530-6017722 [REDACTED]  
LM Number: 502118

Dear Mr. Martello:

This office has recently completed an audit of International Association of Machinists (IAM) Lodge (LG) 282 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 International Association of Machinists International Auditor Cordell Drayers on May 5, 2020, 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 IAM LG 282 2018 records revealed the following recordkeeping violations:

1. Petty Cash Fund

LG 282 did not retain any documentation for disbursements and deposits made into LG 282's \$100 petty cash fund.

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.

2. LG 282 Officer Salary

LG 282 did not maintain records to verify monthly salaries IAM District Lodge (DL) 160 paid to LG 282 officers, which LG 282 was to reimburse.

The union must keep records that support all disbursements, including salary authorized according to the LG 282 Bylaws, Article IX.

Based on your assurance that LG 282 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 LG 282 for fiscal year ending December 31, 2018, was deficient in the following areas:

1. Disbursements to Officers

LG 282 did not report the names of some officers and the total amounts of payments made to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. In addition, the union must report most direct disbursements to LG 282 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).

LG 282 did not report all officers and disbursements to officers in Item 24. For example, LG 282 did not report in Item 24 \$4,990.68 paid directly to former LG 282 president Stephen Miller; \$1,540.80 paid to new LG 282 president Lisa Anderson; and \$329.88 paid to LG 282 recording secretary Chris Oliverson.

- 2) LG 282 did not accurately categorize certain expenses for Benefits within the LM-3. Specifically, the LM 3 Instructions for Item 50 “Benefits” require all direct and indirect benefit disbursements paid to or on behalf of officers, employees, members, and their beneficiaries from your organization’s funds be reported in Item 50. Indirect benefit disbursements are those made from your organization’s funds to a separate and independent entity, such as a trust or insurance company, which in turn and under certain conditions will pay benefits to the covered individuals.

I am not requiring that LG 282 file an amended LM report for 2018 to correct the deficient items, but LG 282 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to the International Association of Machinists LG 282 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