

**U.S. Department of Labor**  
Employment Standards Administration  
Office of Labor-Management Standards  
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September 29, 2006

James Goad  
Machinists  
Local Lodge 1886  
5621 Bowen St.  
Commerce City, CO 80022

Dear Mr. Goad:

This Office recently completed an audit of Machinists, Local Lodge 1886 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on September 26, 2006, 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 record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping violations were revealed during the audit of Local Lodge 1886's 2005 records:

Union officers failed to record the date and/or purpose of some lost wage claims on records submitted for such expenses. Records that identify the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages must be retained.

During the exit interview, I provided examples of information that should be included on lost time vouchers.

### **Reporting Violations**

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-) filed by Local Lodge 1886 for fiscal year ending December 31, 2001 was deficient in the following areas:

**Item 30, which requires unions to disclose accounts payable was incorrectly answered with a zero. The union has an estimated outstanding balance of \$80,000 to \$100,000 in loan time (lost time,) which has not been billed by United Airlines. This outstanding debt must be disclosed in Item 30 of the LM-2 report. Please note that this is an estimated amount in Item 15, the additional information section.**

Local Lodge 1886 must file an amended Form LM-2 for fiscal year ending December 31, 2005, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of the filing software on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-2 must be electronically filed as soon as possible, but no later than October 16, 2006. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

In addition, once the union is billed for loan time by United Airlines, the Secretary-Treasurer must contact me at the telephone number listed above, in order to discuss the amount billed and all discrepancies between the union and airline.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your and the President's successor after you leave office.

I want to thank the executive board and your employees for their cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,



Investigator

cc: Treasurer/President