

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Kansas City Resident Investigative Office
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Kansas City, MO 64108
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October 3, 2007

Mr. Claude Harris, Secretary-Treasurer
Machinists AFL-CIO
Lodge 778
9404 Grandview Road
Kansas City, MO 64132

LM File Number 020-167

Case Number: [REDACTED]

Dear Mr. Harris:

This office has recently completed an audit of Machinists Lodge 778 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 October 1, 2007, the following problem was disclosed during the CAP. The matter listed below is not exhaustive of all possible problem areas since the audit conducted was limited in scope.

The CAP disclosed the following 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 handled by those individuals or their predecessors during the preceding fiscal year. Lodge 778's officers and employees are currently bonded for \$233,000, but they must be bonded for at least \$279,923.

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Lodge 778 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than October 31, 2007.

I want to extend my personal appreciation to Machinists Lodge 778 for the cooperation and courtesy extended during this compliance audit. I 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

cc: Leo Berroteran, President