

U.S. Department of Labor

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February 29, 2008

Mr. Gregory Smith, Secretary/Treasurer
Machinists and Aerospace Workers, AFL-CIO
Local Lodge 1338
2745 Star Creek Drive
Broomfield, CO 80020

LM File Number: 035-535
Case Number: [REDACTED]

Dear Mr. Smith:

This office has recently completed an audit of the International Association of Machinists and Aerospace Workers, AFL-CIO, Local Lodge 1338 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 February 25, 2008, 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 Local 1388's 2006 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 1338 did not maintain an inventory of \$948 spent on wrist watches for retirees, or any record showing which retirees received a watch during the audit period. The union provided a list of retirees who were given a wrist watch when they retired, and one retiree did not receive a watch when he retired. 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 report. 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 30.

The union must record in at least one union record, the date and names of members, and union property or other items distributed to its members.

2. Information not Recorded in Meeting Minutes

During the audit, OLMS was advised that members approve expenses at monthly membership meetings. Article VII, Section 1 of Machinists, AFL-CIO Lodge 1338 Bylaws requires that no single expenditure exceeding \$300 or more is allowed without executive board or membership approval. However, the minutes of membership meetings held during 2006 do not contain specific details showing the cost of union expenses. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1338 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Letter/Mr. Gregory Smith

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I want to extend my personal appreciation to Machinists and Aerospace Workers, AFL-CIO, Local Lodge 1338 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

cc: Mr. Robert L. Mascarenas, President