

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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October 28, 2009

Mr. Roger Buyer, Secretary-Treasurer
Machinists AFL-CIO
Local Lodge 1210
P.O. Box 685
21297 Fostoria Road
Pemberville, OH 43450-0685

LM File Number 002-873
Case Number: [REDACTED]

Dear Mr. Buyer:

This office has recently completed an audit of Machinists Local Lodge 1210 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 September 18, 2009, 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 Lodge 1210's 2008 records revealed the following recordkeeping violations:

General and Reimbursed Expenses

Local Lodge 1210 did not retain adequate documentation for reimbursed expenses incurred by Secretary-Treasurer Roger Buyer totaling at least \$150.00. For example, original receipts to support reimbursements to Mr. Buyer for postage/stamps, keys, and flowers were not retained.

Furthermore, Local Lodge 1210 did not retain adequate documentation for union expenses totaling at least \$176.00. These expenses included a donation to J.W. Cox and the purchase of t-shirts.

As previously noted above, 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.

Based on your assurance that Local Lodge 1210 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

Local Lodge 1210 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local Lodge 1210 did not include some reimbursements to officers totaling at least \$1,855.00 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). These reimbursements included: reimbursed dues overpayments, door prizes, and Christmas checks. It appears the union erroneously reported these payments in Items 51 and 54.

The union must report most direct disbursements to Local Lodge 1210 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).

2. Certificates of Deposit Reported As Investments

Local Lodge 1210 improperly included the value of a savings account and certificates of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a savings account and certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Local Lodge 1210 has submitted an amended 2008 LM-3 Report to the OLMS Cleveland District Office correcting the reporting errors. Therefore, no further action is being considered regarding the above stated violations at this time.

I want to extend my personal appreciation to Machinists Local Lodge 1210 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,



Lead Investigator

cc: Larry Thayer, President