

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 30, 2009

Carmen Scordo, Secretary-Treasurer
Machinists AFL-CIO
Local Lodge 75
45 Edgewood Ave.
Buffalo, NY 14223

LM File Number 038-114
Case Number: [REDACTED]

Dear Mr. Scordo:

This office has recently completed an audit of Machinists Local Lodge 75 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 28, 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 Lodge 75's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Lodge 75 did not retain adequate documentation for reimbursed expenses incurred by officers totaling at least \$4,900. The union was missing the vast majority of expense vouchers and receipts for these payments.

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.

2. Meal Expenses

Lodge 75's records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Missing Bank Records

Several bank and brokerage account statements reflecting union deposit, withdrawal and investment activity, were missing from Lodge 75's records when originally provided to OLMS. The lodge did subsequently obtain the missing records from the bank.

Based on your assurance that Lodge 75 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Lodge 75 revised its constitution and bylaws in 2004, but did not file a copy with its LM report for that year.

Local Lodge 75 has now filed a copy of its constitution and bylaws.

Other Issue

Receipts Recorded But Not Timely Deposited

Receipts recorded in the lodge's computerized ledger system were not deposited to the union's account in a timely fashion. For example, several Southwest Airlines checks for dues, as well as direct member payments received during the year, were not deposited promptly. In many instances, months passed between the receipt and the bank deposit. OLMS strongly recommends that unions record and deposit all receipts in a timely manner.

I want to extend my personal appreciation to Local Lodge 75 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: Jack Hecker, Grand Lodge Auditor
James Koellner, President
Daniel Muscatal, Vice President
Kathleen Domzalski, Recording Secretary