



August 6, 2014

Mr. Phillip Newberry, Secretary-Treasurer  
IAM Lodge 804  
21 Hearthstone Court  
Florence, KY 41042

Case Number: 350-6002352 [REDACTED]  
LM Number: 030059

Dear Mr. Newberry:

This office has recently completed an audit of IAM Lodge 804 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 July 25, 2014, 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.

#### 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 Lodge 804 for the fiscal year ended December 31, 2013, was deficient in that:

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away over 500 calendars and magnets during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Lodge 804 file an amended LM report for 2013 to correct the deficient items, but Lodge 804 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

As I discussed during the exit interview with you, the audit revealed that you are the sole signatory on one of Lodge 804's certificate of deposits. You indicated that you and President Gary Callahan should be signatories on all the union's bank accounts. OLMS recommends that another officer be added as a signatory to the account.

I want to extend my personal appreciation to IAM Lodge 804 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,



Supervisory Investigator

cc: Mr. Jack L. Hecker, Grand Lodge Auditor