



September 30, 2015

Mr. Mark Heimbecher, President  
Boilermakers Lodge 449

Case Number: 320-6004078( )  
LM Number: 023932

Dear Mr. Heimbecher:

This office has recently completed an audit of Boilermakers Lodge 449 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, Secretary Treasurer Lee Claflin, Chairman of Trustees Mark Schroeder, and Vice President Shawn Claflin on September 29, 2015, 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 449's 2014 records revealed the following recordkeeping violations:

1. Fixed Assets

Lodge 449 failed to retain any records that identified its fixed assets. The union reported \$8,041 in fixed assets in Item 29(A) and 29 (B) (Fixed Assets at the start and end of the reporting period) of the Form LM-3 filed for fiscal year ended June 30, 2014. During the opening interview, Secretary Treasurer Claflin stated that the local does not keep an inventory list of its fixed assets and that he was unsure how the CPA determined the amounts reported as the union's fixed assets are not worth that much.

The LM-3 instructions for Item 29 require that you report the book value at the start and end of the reporting period of all fixed assets, including land, buildings, automobiles, and office furniture and equipment. The book value of fixed assets is cost less depreciation. Where a labor organization expenses its fixed assets when purchased, the manner of reporting such assets will be different from that of an organization which computes depreciation of its fixed assets over a period of time. A union which expenses its fixed assets must list in Item 29 the estimated fair market value of the fixed assets.

During the opening interview, Secretary Treasurer Claflin advised that Lodge 449's fixed assets include a laptop computer, desktop computer, chairs, a printer/copier, and some filing cabinets. During the exit interview, you confirmed that Lodge 449 does not have a current inventory of its fixed assets, but you agreed that the union would create such an inventory and maintain the list by adding new purchases and removing old equipment that has been sold, donated, or destroyed.

2. Receipt Date not Recorded for Dues Checkoff Checks from Bay Shipbuilding

The audit revealed that Lodge 449 failed to record the date of approximately \$124,000 in dues checkoff checks that were received from Bay Shipbuilding in the union's receipt records. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Lodge 449 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 Lodge 449 for the fiscal year ended June 30, 2014, was deficient in the following areas:

1. 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 449 amended its constitution and bylaws in 2013, but did not file the required copies with its LM report for that year.

Lodge 449 has now filed a copy of its most recent constitution and bylaws.

2. Disbursements to Employees

Lodge 449 erroneously reported the names and payments to Stewards Jack Tuttle, Mark Schroeder, James Schneider, Jason Little, Alvis Delfosse, and Angel Benitez in Item 24. Union stewards are not officers according to the international's constitution Article 26 Section 4. Persons who hold non-officer positions are considered employees for LM-3 reporting purposes. Payments to employees should be reported in Item 46 (Disbursements to Employees). As noted in the LM-3 instructions, Item 46 should include disbursements to individuals other than officers who receive lost time payments even if your organization does not consider them to be employees or does not make any other direct or indirect disbursements to them.

I am not requiring that Lodge 449 file an amended LM report for 2014 to correct the deficient items, but Lodge 449 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Boilermakers Lodge 449 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Lee Clafin, Secretary-Treasurer  
Mr. Shawn Clafin, Vice President