



May 12, 2016

Mr. Gregg French, President  
Machinists AFL-CIO Local Lodge 24  
8787 Branch Ave. PMB 169  
Clinton, MD 20735

Case Number: 450-6003783  
LM Number: 543352

Dear Mr. French:

This office has recently completed an audit of the International Association of Machinists (IAM) Local Lodge 24 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 Sarah Holmes, and Grand Lodge Auditor Patrick Smutney on April 28, 2016, 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 IAM Local Lodge 24's 2013 records revealed the following recordkeeping violations:

#### 1. Failure to Maintain Records

Local Lodge 24 failed to retain backup documentation for a few disbursements such as tax and salary payments. As previously noted above, labor organizations must retain

original receipts, statements, invoices, 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

Local Lodge 24's records of meal expenses did not always include the names and titles of the persons partaking in the meal charged to the union. For example, the backup documentation for two separate restaurant expenses indicated that the charges were for people involved with an election but they did not specify names. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who participated in the meal charged to the union. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

## 3. Lost Wages

Local Lodge 24 did not retain adequate documentation for lost wage reimbursement payments to union officers in two instances. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local Lodge 24, retained all necessary documentation with the exception of two vouchers with incorrect dates of the lost wages.

Based on your assurance that IAM Local Lodge 24 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 24 for the fiscal year ended December 31, 2013, was deficient in that or deficient in the following area(s):

#### 1. Reimbursements to Officers

Local Lodge 24 did not include some reimbursements to officers in the amounts reported in Column E of Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported some of these payments in Column D of Item 24. The union must report reimbursements to officers in Column E of Item 24.

Local Lodge 24 must file an amended Form LM-3 for the fiscal year ended December 31, 2013, to correct the deficient items discussed above. I encourage Local Lodge 24 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than May 26, 2016 or submitted to this office at the above address by the

same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to IAM Local Lodge 24 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter is passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

Investigator