U.S. Department of Labor

Office of Labor-Management Standards
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August 22, 2016

Mr. Nathan Galloway, President
Machinists Local Lodge 12
███████████████

Case Number: 420-6006627██
LM Number: 040206

Dear Mr. Galloway:

This office has recently completed an audit of Machinists Local Lodge 12 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 and Treasurer Ronnie Householder on August 17, 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.

<u>Record Keeping Violations</u>

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 Machinists Local Lodge 12's records revealed the following recordkeeping
violation:

1. Lack of Supporting Documentation for Disbursements

Local Lodge 12 did not retain adequate supporting documentation, such as vouchers and receipts, for all union checks issued during the audit year, totaling at least $159.89.

The OLMS Compliance Tip, Authorization and Documentation of Expenditures that I provided during the exit interview will provide further guidance on this matter.

During the exit interview, you and Mr. Householder agreed to maintain all financial records for at least five years. Based on your assurance that Machinists Local Lodge 12 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

<u>Reporting Violations</u>

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 LM-3 filed by Lodge 132 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 12 amended its constitution and bylaws in 2014, but did not file a copy with its LM report for that year.

As agreed, Lodge 12 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than August 31, 2016.

I want to extend my personal appreciation to Machinists Local Lodge 12 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: Mr. Ronnie Householder, Treasurer