



August 9, 2017

Mr. Dan Nemec, President
Boilermakers Lodge 117
1213 Tower Avenue Mezzanine
Superior, WI 54880

Case Number: 320-6010450 [REDACTED]
LM Number: 043541

Dear Mr. Nemec:

This office has recently completed an audit of Boilermakers Lodge 117 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 Ron Hill on July 11, 2017, 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 117's 2016 records revealed the following recordkeeping violation:

General Reimbursed Expenses

Lodge 117 did not retain adequate documentation for reimbursed expenses incurred by you and Mr. Hill totaling at least \$1,217.64. For example, on May 5, 2016 Mr. Hill was reimbursed

\$189.29 for the purchase of a hotel room for the international convention. Lodge 117 failed to retain any supporting documentation for this expense, which is not sufficient.

As 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.

Based on your assurance that Lodge 117 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 117 for the fiscal year ended June 30, 2016, was deficient in that:

Disbursements to Officers and Employees

Lodge 117 did not include some reimbursements to officers totaling at least \$1,862 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 56 (Other Disbursements). During the audit year, you, Mr. Hill, and Vice President Ralph Chapin received monthly dues reimbursement payments; however, these payments were not reported Column D (Gross Salary) of Item 24.

Lodge 117 also did not report lost wage payments made to you totaling at least \$452.82 in the amounts reported in Item 24 for 2016. As an example, on May 2, 2016, you received a lost wage reimbursement in the amount of \$50.94, but the amount reported in Column D does not reflect this payment. It appears that the lost wages paid to you were reported in Item 56; however, these amounts should have been reported in Item 24, Column D.

The audit also revealed that Lodge 117 did not include any disbursements to employees totaling \$624 in the amounts reported in Item 46 (to Employees). It appears that the union erroneously reported these payments in Item 54 (Other Disbursements). During the audit years, Lodge 117 made dues reimbursement payments to [REDACTED]; however, these payments were not reported in Item 46. Disbursements to individuals other than officers who receive lost time payments, stipends, allowances, reimbursed expenses, etc., for conducting union business must be reported in Item 46 even if your organization does not consider them to be employees or does not make any other direct or indirect disbursements to them.

The union must report most direct disbursements to Lodge 117 officers and some indirect disbursements made on behalf of its officers in Item 24. Most direct disbursements to Lodge 117 employees and some indirect disbursements made on behalf of its employees must be reported in Item 46. A "direct disbursement" to an officer/employee is a payment made to an

officer/employee in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer/employee is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer/employee. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel for room rent only) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Lodge 117 file an amended LM report for 2016 to correct the deficient items, but Local 117 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 117 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. Ron Hill, Treasurer