



July 12, 2017

Mr. Michael Brozynski, President  
Machinists Lodge 1916  
2660 South 67th Street  
Milwaukee, WI 53219

Case Number: 320-6010332 [REDACTED]  
LM Number: 025787

Dear Mr. Brozynski:

This office has recently completed an audit of Machinists Lodge 1916 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 Mitchell Halstead, and Grand Lodge Auditor [REDACTED] on July 12, 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 1916's 2016 records revealed the following recordkeeping violations:

#### 1. General Reimbursed Expenses

Lodge 1916 did not retain adequate documentation for payments to Mr. Halstead and Trustees Robert Foote and David Michalowski totaling at least \$1,046 in 2016. For

example, adequate supporting documentation was not retained for a \$190.52 reimbursement to Mr. Michalowski for lodging charges he incurred at the Best Western Plus Inn on the Park in Madison, WI on August 29, 2016. In support of this payment, Lodge 1916 only retained a voucher and a hotel reservation confirmation sheet, which is not sufficient.

As another example, Lodge 1916's records of meal expenses did not always include the business purpose of the meal expenses or the names and titles of the persons incurring or receiving the benefit of the restaurant charges. For example, the nature of the union business conducted was not included on either the itemized receipt or the voucher retained for a \$429.35 meal expense incurred by Mr. Halstead at That's Amore in Greenfield, WI on December 15, 2016 for a meal attended by Lodge 1916's executive board and shop committee.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. Records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses. 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. Reimbursed Auto Expenses

Mr. Halstead and former President [REDACTED] received reimbursement for business use of their personal vehicles but did not retain adequate documentation to support payments to them totaling at least \$1,020 during 2016. Mr. Halstead's and [REDACTED] mileage reimbursements were claimed on expense vouchers that normally identified total mileage expenses, the total miles driven, the dates of travel, and the number of miles driven each day; however, the expense vouchers were insufficient because they failed to identify the locations traveled to and from and the union business conducted. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses

Based on your assurance that Lodge 1916 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(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 1916 amended its bylaws in 2007, but did not file a copy with its LM report for that year. Lodge 1916 has now filed a copy of its current bylaws.

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 1916 for fiscal year ended December 31, 2016 was deficient in that:

#### Disbursements to Officers

The audit revealed that Lodge 1916 did not include indirect disbursements for lost wages paid to Trustee Thomas Breiling, Mr. Michalowski, [REDACTED] and Mr. Foote totaling at least \$13,370 in the amounts reported in Item 24 (All Officers and Disbursements to Officers), Column D (Gross Salary). Lodge 1916's disbursements records indicate that Mr. Breiling received gross salary of \$3,432; however, the total amount reported in Column D of Item 24 for Mr. Breiling was \$942. Lodge 1916's disbursements records indicate that Mr. Michalowski received gross salary of \$6,783; however, the total amount reported in Column D of Item 24 for Mr. Michalowski was \$942. Lodge 1916's disbursements records indicate that [REDACTED] received gross salary of \$6,116; however, the total amount reported in Column D of Item 24 for [REDACTED] was \$3,091. Lodge 1916's disbursements records indicate that Mr. Foote received gross salary of \$3,609; however, the total amount reported in Column D of Item 24 for Mr. Foote was \$1,595.

In addition, Lodge 1916 did not include reimbursements to Mr. Halstead and Mr. Michalowski totaling at least \$1,762 in the amounts reported in Column E (Allowances and Other Disbursements) of Item 24. Lodge 1916's disbursements indicate that Mr. Halstead and Mr. Michalowski received reimbursed expenses totaling \$5,985; however, the total amount reported in Column E of Item 24 for Mr. Halstead and Mr. Michalowski was \$4,223. It appears the union erroneously reported the payments to these officers in Item 48 (Office & Administrative Expenses) and/or Item 54 (Other Disbursements).

The union must report most direct disbursements to Lodge 1916 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer 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 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. 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 1916 file an amended LM report for 2016 to correct the deficient items, but Lodge 1916 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Lost Wage Policy

You and Mr. Halstead stated at the opening interview that officers and members of Lodge 1916 are entitled to claim lost time for working on union business, but that Lodge 1916 does not pay any lost time directly to its members. Members that miss work for union business are paid for their lost time by GE Healthcare, but submit lost time vouchers directly to Lodge 1916. Lodge 1916 reimburses GE Healthcare each month based on the lost time vouchers it received from its officers and members during the preceding month. However, the union does not have written policies that document its lost wage reimbursement policies.

To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish best practices for administering lost time payments. OLMS recommends that unions (1) adopt clear policies and procedures for making lost time or similar payments and (2) use vouchers that require detailed information to support lost time payments. These practices will allow the union to properly report lost time payments and travel expense on the Labor Organization Annual Report, Forms LM-2, LM-3, or LM-4.

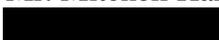
OLMS recommends that union policies and procedures for lost wages be reduced to writing and added to your union's bylaws or discussed at an executive board or membership meeting where they can be supported by entries in the meeting minutes. Once established, it is important that your union consistently follow its procedures for handling payments for lost time. You may want to have your union's trustees or auditors compare the steps taken to pay lost time with the union's policies to make sure that all required procedures are being followed.

I want to extend my personal appreciation to Machinists Lodge 1916 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. Mitchell Halstead, Secretary-Treasurer  
, Grand Lodge Auditor