



April 6, 2018

Mr. William Foley, President
Machinists, AFL-CIO
Local Lodge 264
37 Pierce Street
Northborough, MA 01532

Case Number: 110-6012628
LM Number: 022251

Dear Mr. Mastandrea:

This office has recently completed an audit of International Association of Machinists and Aerospace Workers Local Lodge 264 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 Secretary-Treasurer Christopher Gagne on March 20, 2018, 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.

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-2) filed by Local Lodge 264 for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local Lodge 264 did not report the names of some officers and the total amounts of payments to them or on their behalf in Schedule 11 (All Officers and Disbursements to Officers). The union must report in Schedule 11 all persons who held office during the year, regardless of whether they received any payments from the union. Local Lodge 264 did not report the names of executive board members Michael Haywood, Benjamin Sherman, Robert Walker, and Jeb Mastandrea, for example, nor did it report the amounts paid to those individuals.

In addition, Local Lodge 264 did not include payments to some officers and employees totaling at least \$3,467 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a

credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Failure to Report Receipts and Disbursements

It appears Local Lodge 264 erroneously failed to report all receipts and all disbursements during the period on Statement B (Receipts and Disbursements). The audit found that the union's books after reconciliation to the bank statements do not correspond to entries in Item 49 (Total Receipts) and Item 69 (Total Disbursements) on the LM-2 Report.

The instructions for Statement B state receipts must be recorded when money is actually received and disbursements must be recorded when money is actually paid out by the labor organization. The purpose of Statement B is to report the flow of cash in and out of the labor organization during the reporting period. Transfers between separate bank accounts do not represent the flow of cash in and out of the labor organization. Therefore, these transfers should not be reported as receipts and disbursements of the labor organization. The union should obtain account balances from its books as reconciled to the balances shown on bank statements to ensure all receipts and disbursements are properly reported.

I am not requiring that Local 264 file an amended LM report for 2016 to correct the deficient items, but Local 264 has agreed to properly report the deficient items on all future reports it files with OLMS, including for the fiscal year ending December 31, 2017.

I want to extend my personal appreciation to Machinists, Local Lodge 264 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. James Mastandrea, Secretary-Treasurer