



September 12, 2018

Mr. Corey Shofroth, Treasurer  
Boilermakers Lodge 1622  
26315 Wild Wood Drive  
Beloit, Ohio 44609

Case Number: 350-6012984  
LM Number: 032187

Dear Mr. Shofroth:

This office has recently completed an audit of Boilermakers Lodge 1622 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 on May 11, 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.

#### 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 1622's 2016 records revealed the following recordkeeping violations:

#### Reimbursed Expenses

Lodge 1622 did not retain adequate documentation for reimbursed expenses incurred by you and President Jack Allen totaling at least \$136 and \$94, respectively. For example, you purchased office supplies for the union but did not retain receipts and was

reimbursed directly for the expenses. President Allen purchased meat trays for a member's parent's funeral and no receipts were maintained.

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 1622 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 1622 for the fiscal year ended June 30, 2017, was deficient in the following areas:

#### 1. Disbursements to Officers (LM-3)

Lodge 1622 did not include some reimbursements to officers totaling at least \$2,150 in the amounts reported Item 24 (All Officers and Disbursements to Officers). The union erroneously reported these payments in Item 54 – Other Disbursements. For example, you received \$1,300 for expenses for the Retiree Swag and \$550 in reimbursement for office and administrative expenses. In addition, President Allen received \$300 in reimbursement for lost time payments.

The union must report most direct disbursements to Lodge 1622 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) 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).

#### 2. 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 1622 amended its constitution and bylaws in 2014, but did not file a copy with its LM report for that year.

Lodge 1622 has now filed a copy of its constitution and bylaws.

3. Misclassification of Disbursements - For fiscal year ending June 30, 2017, Lodge 1622 miscategorized some of the disbursements on the LM-3 report. On Line Item 58, Other Disbursements and Line Item 48 Office and Administrative Expenses, the union recorded payments in approximately \$1,850 to you on these line items instead of in Item 24E.

I want to extend my personal appreciation to Boilermakers Lodge 1622 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. Jack Allen, President