

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Chicago District Office
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Chicago, IL 60604
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April 2, 2007

Ms. Rosalie Burdick
President
Modern Metal Products Benefits Association
726 Beacon Street
Loves Park, Illinois 61111-5904

Re: Case Number: [REDACTED]

Dear Ms. Burdick:

This office has recently completed an audit of Modern Metal Products Benefit Association 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 Tabatha Bradford on March 9, 2007, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

The CAP disclosed that Modern Metal Products Benefit Association failed to maintain adequate documentation relating to: 1) sick and death benefit payments made during fiscal year ending December 31, 2005, 2) all bank statements during fiscal year ending December 31, 2005, and 3) member dues rebates made during fiscal year ending December 31, 2004.

As agreed, provided that Modern Metal Products Benefit Association maintains adequate documentation as discussed above in the future, no further enforcement action will be taken at this time regarding the above violations.

Reporting Violations

In addition, the CAP 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 Modern Metal Products Benefit Association for fiscal year ending December 31, 2005, was deficient in the following areas:

- Item 20 - improperly reported its bond coverage as being \$2000 when it was \$3000
- Item 23(b) - initiation fees were improperly reported as being \$3.50 when they should have been listed as \$3.00
- Item 24 - treasurer allowance was improperly listed as a salary
- and, Items: 25 (a) & (b); 31 (a) & (b); 37 (a) & (b); 38; 44; 48; 49; 50; 51; and 55 were improperly reported with inaccurate dollar amounts

In order to correct the deficient items listed above, you were informed that Modern Metal Products Benefit Association must file an amended Form LM-3 for fiscal year ending December 31, 2005. OLMS received an amended Form LM-3 for fiscal year ending December 31, 2005 on March 10, 2007; no further enforcement action will be taken at this time regarding the above violations.

Other Violations

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Modern Metal Products Benefit Association's officers were improperly bonded for \$3,000, but they must be bonded for at least \$3,500. Upon notice during the audit, the union took immediate steps to increase their bond coverage to \$4000 thus satisfying

Ms. Rosalie Burdick
April 2, 2007
Page 3 of 3

their requirement under the LMRDA; no further enforcement action will be taken at this time regarding the above violations.

Other Issues

Modern Metal Products Benefit Association is strongly urged to adopt better record keeping practices in regards to its disbursements. OLMS is readily available to provide guidance to you regarding the requirements of the law as they would pertain to any policies your union might adopt. If written guidelines are adopted in the near future, please forward a copy to the OLMS Chicago District Office.

OLMS appreciated the cooperation and courtesy Modern Metal Products Benefit Association displayed during this compliance audit. We 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: Tabatha Bradford, Treasurer