

U.S. Department of Labor

Employment Standards Administration  
Office of Labor-Management Standards  
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July 24, 2006

Mr. David Molnaa, President  
Metal Trades Dept, AFL-CIO  
HAMTC  
PO Box 898  
Richland, Washington 99352

Re: Case Number: ~~XXXXXXXXXX~~

Dear Mr. Molnaa:

This office has recently completed an audit of Hanford Atomic Metal Trades Council 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 David Molnaa, Dean Bushey, James Bateman, Rebecca Holland, and Pam Redmond on July 13, 2006, 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.

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.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of HAMTC's 2005 records revealed the following recordkeeping violations:

Some checks that were voided and not issued were not retained.

As agreed, provided that HAMTC maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

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 HAMTC for fiscal year ending June 30, 2005, was deficient in the following areas:

The names of some officers and the total amounts of payments to them or on their behalf were not reported in Item 24 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union. Specifically, James Bateman should be listed twice in item 24. One listing should show him as president and the other listing as vice-president. The dates he held each office should be listed in item 56. Dave Molnaa should also be listed twice in item 24. One listing should show him as president and the other listing as vice-president. The dates he held each office should be listed in item 56.

HAMTC failed to include some reimbursements to officers and employees in Item 24 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in item 48 (Office and Administrative Expenses) and item 54 (Other Expenses).

The CAP 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 constitution or bylaw changes are made. HAMTC amended its constitution and bylaws in fiscal year ending 2003, but a copy was not filed with its LM report for that year.

A copy of HAMTC's constitution and bylaws has now been filed.

HAMTC must file an amended Form LM-3 for fiscal year ending June 30, 2005, to correct the deficient items discussed above. I provided you with a blank form and instructions, and discussed with you the availability of the reporting forms and instructions on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than August 31, 2006. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.


The CAP disclosed the following other violation:

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. HAMTC's officers and employees are currently bonded for \$15,000, but they must be bonded for at least \$30,721.

HAMTC should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than August 31, 2006.

I want to extend my personal appreciation to Hanford Atomic Metal Trades Council 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: Dean Bushey