



July 15, 2014

Mr. Gunnar Lundeberg, President  
Maritime Trades Department  
450 Harrison Street  
San Francisco, CA 94105

Case Number: 530-6002370 [REDACTED]  
LM Number: 061875

Dear Mr. Lundeberg:

This office has recently completed an audit of Maritime Trades Department 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 Bookkeeper Toby Chiurazzi on July 15, 2014, 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 Violation

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 Maritime Trades Department's 2013 records revealed the following recordkeeping violation:

#### Lack of Salary Authorization

Maritime Trades Department did not maintain records to verify that the stipend reported in Statement B, Line Item 49 (Professional Fees) paid to Bookkeeper Toby Chiurazzi was the authorized amount and therefore was correctly reported. The union must keep a record,

such as meeting minutes, to show the current salary and/or stipend authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Maritime Trades Department will obtain and retain adequate documentation in the future, as well as provide OLMS a copy of the written authorization obtained, OLMS will take no further enforcement action at this time regarding the above violation.

#### Reporting Violations

The audit disclosed violations 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 Maritime Trades Department for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Maritime Trades Department did not report \$350 monthly stipend payments to contracted employee Toby Chiurazzi on Line Item 46 (To Employees) on its Form LM-3 for fiscal year ending December 31, 2013. Rather, you reported the \$3,850 under Line Item 49 (Professional Fees).
2. Maritime Trades Department inaccurately answered that it was bonded for \$500,000 under Item 20 on its 2013 Form LM-3 for question 20, which asked about the maximum amount recoverable under your organization's fidelity bond for a loss caused by any officer or employee of your organization. The audit revealed that your organization is actually bonded for \$35,000. This amount is in compliance with the LMRDA's bonding requirements.

I am not requiring that Maritime Trades Department file an amended LM report for 2013 to correct the deficient items, but you have agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Maritime Trades Department 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