



August 14, 2013

Mr. William Sheehan
International Longshoremens Assoc. Local 1996
P.O. Box 1084
N. Kingstown, RI 02852

Case Number: 110-17667-
LM Number: 515602

Dear Mr. Sheehan:

This office has recently completed an audit of International Longshoremens Assoc. Local 1996 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 Treasurer Anthony Scheri on August 8, 2013, 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 Longshoremens Local 1996's 2012 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 1996's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Local 1996 had disbursements for food totaling approximately \$144.65 for which the receipts were not documented with the names of members participating in the meal or the union purpose for the expense. Union records of meal expenses must include written explanation of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Lost Wages

Local 1996 did not retain adequate documentation for lost wage reimbursement payments to union officers/members totaling at least \$1,626.08. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 1996 did not have/use a lost wages/expense voucher but documented the check memo for each disbursement as "lost time" and the union purpose.

During the exit interview, I provided a sample expense voucher Local 1996 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other expenses.

3. General Disbursements

Local 1996 did not retain adequate documentation for expenses incurred by the union totaling approximately \$9,735. For example, the union did not retain invoices for \$1,163.50 paid to Twin Brothers Catering for catering union functions in September and October 2012.

As previously 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.

4. Failure to Record Receipts

Local 1996 did not retain a receipts journal and failed to keep adequate documentation to identify the source of all receipts received in 2012. For example, the audit determined that the local received and deposited more in receipts than documented in their receipts folders and reported \$13,698 fewer receipts than received on the 2012 LM-3 Report. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Longshoremens Assoc. Local 1996 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 LM-3 filed by Longshoremens Assoc. Local 1996 for fiscal year ending December 31, 2012, was deficient in the following areas:

1. Disbursements to Officers

Local 1996 did not include some salary and expense reimbursements to officers totaling at least \$3,516 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The local held officer elections in November 2012 with the new officers being sworn in immediately after the count was official. The local failed to report the new officers and disbursements made to them in 2012. The local also did not report in Item 24, expense reimbursements made to the incumbent officers. It appears the union erroneously reported these payments in Item 46 (To Employees) and Item 54 (Other).

The union must report most direct disbursements to Local 1996 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. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets totaling \$6,442.50 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition the union must report the cost, book value, and trade-in allowance for assets traded in.

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books as reconciled to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on the bank statements.

Local 1996 must file an amended Form LM-3 for fiscal year ending December 31, 2012, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (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 September 4, 2013. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires the union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Local 1996's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Longshoremens Assoc. Local 1996 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. Anthony Scheri, Treasurer