



September 30, 2014

Mr. Todd Aldrich, President
Longshoremen's Association, AFL-CIO, Local 1969
6031 Melton Rd., U.S. Hwy 20
Portage, IN 46368

Case Number: 310-3123536()
LM Number: 069-690

Dear Mr. Aldrich:

This office has recently completed an audit of Longshoremen's Association, AFL-CIO, Local 1969 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 September 23, 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 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 Local 1969's 2011 records revealed the following recordkeeping violations:

1. Lack of Expense Supporting Documentation

Local 1969 failed to retain adequate supporting documentation for at least 14 credit card transactions incurred by union officers totaling at least \$2,194.01. For example, no supporting documentation other than the original credit card statement was retained for approximately \$811.97 in lodging charges at a hotel for the 2011 International Longshoremen's Association

Convention. In addition, no supporting documentation was retained for a \$592.00 limousine charge for transporting union officers to and from the airport for the ILA Convention.

Local 1969 also failed to retain adequate supporting documentation for at least 1 disbursement made by check totaling \$621.50. In this instance, no invoice was retained for the purchase of safety vests/jackets for which the union was later reimbursed by Federal Marine Terminals.

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.

2. Lack of Income Supporting Documentation

Local 1969 failed to retain nine working dues check-off reports totaling \$4,687.67 from the following employers: Federal Marine Terminals – five reports totaling \$4,243.53; Lakes & Rivers – one report totaling \$182.32; NLMK Indiana LLC – one report totaling \$142.26; and Rogers Terminal & Shipping – one report totaling \$119.56. If retained, the check-off reports would have identified the members who had dues remitted to the union on their behalf.

As noted above, the labor organization must retain at least one record that shows the date, amount, purpose, and source of all money received.

3. Meal Expenses

Local 1969 records of meal expenses did not always include the names and titles of the persons incurring the restaurant charges. For example, a union credit card was charged \$25.09 for the purchase of five sandwiches, but the full names and titles of all persons incurring the restaurant charge were not documented in the union records. Union records of meal expenses must include written explanations 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.

Based on your assurance that Local 1969 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 Local 1969 for the fiscal year ended December 31, 2011, was deficient in the following areas:

1. Trusts

Item 11 on the LM-3 report (During the reporting period did you organization create or participate in the administration of an trust or other fund or organization?) was correctly

answered "Yes" since Local 1969 participated in the administration of five trust funds which provide benefits for its members. Local 1969 reported the name, address and plan number of the trust funds in Item 56 (additional information). As stated in the LM-3 report instructions, Item 56 must also contain the purpose of each trust and the Employer Identification Number (EIN) if a report was filed for the trust or other fund under the Employee Retirement Income Security Act of 1974.

2. PAC Funds

Item 12 on the LM-3 report (During the reporting period did your organization have a political action committee [PAC] fund?) was correctly answered "Yes" since Local 1969 had its own PAC fund during 2011 that was maintained in a checking account separate from Local 1969's treasury. Local 1969 reported the full name of its PAC and address in Item 56 (additional information). As stated in the LM-3 report instructions, Item 56 must contain the full name of each separate political action committee and the name of any government agency, such as the Federal Election Committee or a state agency, with which the PAC has file a publicly available report, and the relevant file number of the PAC. The PAC fund must be included on the Form LM-3 if publicly available reports on the PAC fund are not filed with a Federal or state agency.

3. Certificates of Deposits and Money Market Funds Reported As U.S. Treasury Securities

Local 1969 improperly included the value of two certificates of deposit and one money market fund as U.S. Treasury Securities in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers certificates of deposit and money market funds to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

4. Failure to Report Interest & Dividend Income

Local 1969 failed to report approximately \$1,329.00 in interest and dividend income received from the union's two certificates of deposit and one money market fund. The LM-3 instructions state that the total amount of interest and dividends received by your organization from savings accounts, bonds, mortgages, loans, investments, and all other sources must be reported in Item 41 (interest and dividends).

5. Cash Reconciliation

It appears that the cash figures reported in Item 25 (cash) are not the correct figures according to Local 1969's books after reconciliation 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 bank statements.

6. 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. Local 1969 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

Local 1969 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 1969 file an amended LM report for 2011 to correct the deficient items, but Local 1969 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

1. Inadequate Bonding

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 those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that the amounts of Local 1969's bonds for their officers and employees are sufficient. However, the schedule bonds do not include the names of all bank account signatories and employees that handle union funds. Please provide proof of bonding coverage to this office as soon as possible, but not later than November 7, 2014.

I want to extend my personal appreciation to Longshoremen's Local 1969 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,



Senior Investigator

cc: Mr. Robert Quintanilla, Interim Financial Secretary