



November 13, 2018

Mr. Darren Williams, Treasurer
Longshore and Warehouse Union Local 7
807 N State Street
Bellingham, WA 98225

Case Number: 530-6014578 [REDACTED]
LM Number: 009885

Dear Mr. Williams:

This office has recently completed an audit of Longshore and Warehouse Union 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 on November 14, 2018, 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.

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 (Form LM-3) filed by Local 7 for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Disbursements to Officers

Local 7 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. In addition, the union must report most direct disbursements to Local 7 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).

LU 7 did not report all officers and/or disbursements to officers in Item 24. For example, Local 7 did not report payments to Darren Williams including direct payments totaling

\$9,331.26 and indirect payments for a car allowance totaling \$140.25; \$3,714.60 paid to [REDACTED]
[REDACTED] \$2,192.10 paid to [REDACTED] and \$500 paid to [REDACTED]

2) LU 7 did not accurately categorize certain expenses within the LM-3. Specifically, the majority of regularly occurring monthly disbursements paid to the Joint Port Labor Committee (JPLRC), should have been further subcategorized, *e.g.*:

a. Item 48 - Office and Administrative Expense:

LM-3 instructions require that ordinary office and administrative expenses, such as rent, utilities, office supplies, postage, subscriptions, fidelity bond premiums, etc., are to be reported in Item 48, "Office and Administrative Expenses." Local 7 recorded some of their ordinary office expenses (rent & utilities) under item 54.

b. Item 50 - Benefits:

The LM-3 instructions require all direct and indirect benefit disbursements paid to or on behalf of officers, employees, members, and their beneficiaries from your organization's funds be reported in Item 50. Indirect benefit disbursements are those made from your organization's funds to a separate and independent entity, such as a trust or insurance company, which in turn and under certain conditions will pay benefits to the covered individuals. Local 7 recorded some of their employee 401K disbursements under item 54.

I am not requiring that Local 7 file an amended LM report for 2017 to correct the deficient items, but Local 7 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Longshore and Warehouse Local 7 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,

[REDACTED]
Investigator

cc: Mr. Brett Frost, President