

September 18, 2018

Case Number: 350-6013190
LM Number: 037520

Steve Smith, Financial Secretary
Longshoremen's Assn. Local 1768
3999 Wallingford Ct.
Genoa, OH 43430

Dear Steve Smith:

This office has recently completed an audit of Longshoremen Local 1768 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 13, 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 1768 for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 1768 did not include reimbursements to officers placed on union credit cards in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 1768 officers and some indirect disbursements made on behalf of its officers in Item 24 E (Allowances and Other Disbursements). 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).

Also, officer salary was erroneously reported under Item 24 E, instead of under Item 24 D (Gross Salary).

2. Your Labor Organization Annual Report Form LM-3 for fiscal year ending December 31, 2017 filed with the Office of Labor-Management Standards (OLMS) is deficient in that it was filed using a paper form. Filing your report on a paper form is no longer compliant with the provisions of the Labor-Management Reporting and Disclosure Act (LMRDA). All Labor Organization Annual Reports for the fiscal years beginning on or after January 1, 2017 are required to be filed with OLMS using the OLMS Electronic Filing System.

I am not requiring that Local 1768 file an amended LM report for 2017 to correct the deficient items, but Local 1768 has agreed to properly report the deficient items on all future reports it files with OLMS and has agreed to file in the future using the OLMS Electronic Filing System at www.olms.dol.gov.

3. 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 1768 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Local 1768 has now filed a copy of its constitution and bylaws.

Other Issues

You advised, and the records confirmed, that officers can either charge fuel on the union credit card or be reimbursed mileage at the current IRS rate. Similarly, officers may either charge meals while on official travel or receive a per-diem rate. However, there does not appear to be safeguards in place to ensure that officers cannot charge fuel, for example, and receive a mileage reimbursement at the same time. OLMS recommends that you clarify your policy concerning credit card charges incurred by officers and initiate financial safeguards to ensure that the policy is accurately followed.

I want to extend my personal appreciation to Longshoremen's Assn. Local 1768 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: Blaine Helton, President