



October 2, 2019

Mr. Ronald Raymond, President
Longshoresmens, Asn, AFL-CIO
Local 1413
P.O. Box 2065, MA 02740

Case Number: 110-6015148 [REDACTED]
LM Number: 019054

Dear Mr. Raymond:

This office has recently completed an audit of Longshoresmens Local 1413 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 30, 2019, 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 1413's 2017 records revealed the following recordkeeping violations:

1. General Disbursements and Reimbursed Expenses

Local 143 did not keep adequate supporting documentation for disbursements to vendors or payees totaling at least \$3,201. For example, check [REDACTED] was payable to [REDACTED] for professional fees; however, the union failed to retain any documentation for this disbursement.

Local 1413 also did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$70. For example, there was no expense voucher or receipt for reimbursement check [REDACTED] issued to former President, Kevin Rose in July 2017 for fax/postage totaling \$40.50.

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. Lost Wages

Local 1413 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$217.20. 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 1413 recorded the lost wage reimbursement payments in the union's disbursements journal but failed to maintain records that identified all required information including the date, number of hours, and union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 1413 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 officer expenses.

3. Information not Recorded in Meeting Minutes

During the audit, Mr. Raymond advised OLMS that the Executive Board approves all expenses in excess of \$100. The Bylaws are silent regarding approvals. The audit found expenses to Chadwick's Awards for t-shirts totaling \$359.75 which were not identified in minutes of executive board meetings as approved. The minutes of the meeting do not contain any reference to the issue. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

4. Lack of Salary Authorization

Local 1413 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 1413 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 (Form LM-3) filed by Local 1413 for the fiscal year ended September 30, 2017, was deficient in the following areas:

1. Failure to Report Scholarship Fund

Local 1413 failed include amounts associated with the Jules Alves Scholarship Fund in Item 25, Cash. It appears the union may have erroneously reported this in Item 29, Fixed Assets. The union should report the total amount of cash in banks for all accounts in Item 25 for both the beginning and end of the year. In addition, the union should report all receipts and disbursements from the aforementioned savings account in the appropriate categories on Statement B, and should be reflected in Item 44 (Total Receipts), and Item 55 (Total Disbursements), respectively.

2. Disbursements to Officers (LM-3)

Local 1413 did not include some reimbursements to officers totaling at least \$210 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments elsewhere on the form.

The union must report most direct disbursements to Local 1413 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).

3. Chronic Delinquent

Local 1413 has been delinquent in filing their Form LM-3 reports for over ten years, at least for fiscal years ending 2009 through 2018. The Form LM-3 must be filed within 90 days after the end of your organization's fiscal year. Therefore, all reports must be filed no later than December 30th.

I am not requiring that Local 1413 file an amended LM report for 2017 to correct the deficient items, but Local 1413 has agreed to properly report the deficient items on all future reports it

files with OLMS, beginning with report for fiscal year 2019, which is due no later than December 30, 2019.

Other Violation

The audit disclosed the following other violation:

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 Local 1413's officers and employees were not bonded for the minimum amount required at the time of the audit. Local 1413 attempted to obtain bonding coverage during the audit, and provided a copy to OLMS during the audit. A review of this bond indicates the amount of Local 1413's bond is sufficient, however, the bond includes a deductible, which is a form of self-insurance that fails to meet the bonding requirements of the LMRDA. Local 1413 should obtain a bond without a deductible. This office will follow up with you regarding this violation.

I want to extend my personal appreciation to ILA Local 1413 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