



September 25, 2020

Mr. Daniel Granville, President
Longshoremens, ASN, AFL-CIO
Local Union 1286
112 South St.
Buffalo, NY 14204

Case Number: 110-6018266
LM Number: 032348

Dear Mr. Granville:

This office has recently completed an audit of ILA Local 1286 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 Patrick Wannemacher on August 25, 2020, 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 1286's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 1286 did not retain adequate documentation for reimbursed expenses incurred by officers and employees totaling at least \$2,909. For example, President Daniel Granville

received \$350 on October 17, 2019 for reimbursed expenses with no description as to what was purchased and no receipt(s) maintained. In addition, Vice President Paul Patterson, received \$200 on August 19, 2019 noted as a reimbursement for expenses with no description and no supporting documentation.

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. Meal Expenses

Local 1286 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$390. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 1286 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. For example, President Daniel Granville was reimbursed \$390 for two separate purchases at Master Market in which no itemized meal receipts were maintained, or explanations provided. 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.

3. General Disbursements

Local 1286 did not maintain adequate records for disbursements to vendors totaling at least \$220. The union must maintain itemized receipts and/or invoices provided by merchants and vendors. For example, no invoice was retained to substantiate the payment to the union's Accountant, David Arcara, on January 2, 2019 for \$220. An itemized invoice is necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

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. Lack of Salary Authorization

Local 1286 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.

5. Failure to Maintain Minutes

Local 1286 failed to maintain minutes of executive board and membership meetings during the period. The audit found that meetings were held in the months of April, September, and October, however no minutes were recorded and maintained for those meetings. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

6. Failure to Properly Record and Maintain Receipt Records.

Local 1286 did not record in its receipts records, or failed to properly record, some employer dues checkoff checks, and initiation fees or other deposits, totaling at least \$500. For example, the audit found that deposits for initiation fees and deposits by you of personal monies to supplement the account, were not recorded in the union's receipt records, and were not supported with adequate records. Union receipts records must include an adequate identification of all money the union receives. Union receipts records must show the date of receipt, which is necessary to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. Also, the records should show the date of the deposit, and the source of the money.

Additionally, Local 1286 failed to maintain records from the employer to verify the dues collected. These dues records were provided to the union electronically by the employer, however failed to be maintained. The union is required to maintain all records to support 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 Local 1286 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 not all union officers are included in the union's bond coverage. While the amount of Local 1286's bond was sufficient, only you appeared on the certificate of coverage. All union officers and employees who have access to union funds should be covered under the bond.

Local 1286 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.

Other Issue

Signing Blank Checks

During the audit, you advised that former Treasurer Dennis Needham signed blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1286 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Local 1286 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Patrick Wannemacher, Treasurer