

U.S. Department of Labor

Office of Labor-Management Standards
Atlanta District Office
P. O. Box 600217
Jacksonville, FL 32260
(904) 230-0510 TEL & FAX
[REDACTED]



April 4, 2008

Jorge Cruz, President
Seafarers, AFL-CIO
1313 Avenida Fernandez Juncos
Santurce, PR 00909

Re: Case No. [REDACTED]

Dear Mr. Cruz:

This office completed an audit of Seafarers 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 office secretary Jaritza Gotay on January 10, 2008, 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.

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. 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 Seafarers' 2066 records revealed the following recordkeeping violations:

Voided check [REDACTED] was not located in the union records. Check [REDACTED] was recorded as voided in the union records but it was filed without actually being voided. Neither of these checks were processed through the bank.

Vouchers were not signed as having been reviewed or approved.

Some information was crossed out on bank statements when reconciling your accounts.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Seafarers' LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that Seafarers will retain adequate documentation in the future, OLMS will not take any enforcement action at this time regarding the above 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 Seafarers for fiscal year ending December 31, 2006 was deficient in that all officers and employees were not listed, and donations and the mortgage liability were not included. Your LM-2 was also delinquent. The reports must be filed within 90 days after the end of your fiscal year.

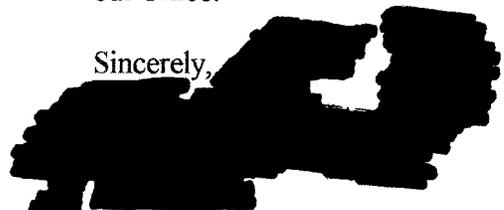
I am not requiring that Seafarers file an amended LM report for 2006 to correct the deficient items, but you have agreed to properly report the deficient items on all future reports it files with OLMS.

We also made a few suggestions to improve your fiduciary obligations. For example, maintain all financial records, especially check books, in a locked cabinet and maintain all computer backups in a separate facility.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your successors at whatever time you may leave office.

I want to thank you and your staff for their cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,



Investigator