

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New Haven Resident Investigative Office
150 Court Street
Room 209
New Haven, CT 06510
(203)773-2130 Fax: (203)773-2333



April 30, 2009

Mr. James Piner, Secretary-Treasurer
Longshoremen's Assn. Local 1398
100 Waterfront St.
New Haven, CT 06512-1783

LM File Number 540-685
Case Number: [REDACTED]

Dear Mr. Piner:

This office has recently completed an audit of Longshoremen and Terminal Workers Local 1398 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 Mr. Michael Carrafiello on April 7, 2009, 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.

The CAP disclosed recordkeeping and reporting violations.

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 1398 records revealed the following recordkeeping violations:

1. Failure to Maintain Meeting Minutes

Membership and executive board minutes documenting authorization and/or approval of union spending must be maintained. Article V, Section 3 of Local 1398's bylaws provides that the local recording secretary "shall have charge of and keep a complete record of the proceedings of each meeting and shall keep such records as the I.L.A., AFL-CIO shall require of the Local Union." The audit disclosed that the union disbursed approximately \$1,900 in June 2007 for a holiday party and over \$5,000. of its funds in September 2007 for a union outing. Local 1398 failed to provide minutes of either executive board or membership meetings where the authorization and/or approval for those expenditures should be referenced.

2. Lack of Salary Authorization

Local 1398 did not maintain records to verify that the salaries paid in 2007 to its business agent, secretary-treasurer, and steward(s) reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. Local 1398's bylaws authorize unspecified compensation for the business agent, secretary-treasurer and steward(s) positions in Article V. The specific amount of compensation to be paid to these officials, according to the bylaws, shall be determined by the local union from "time to time." However, Local 1398 has failed to maintain local meeting minutes when these compensation levels have been authorized. Although you claim that the membership approved the compensation, you have no records to verify that claim. For example, the LM-3 reports for 2005, 2006 and 2007 disclose the secretary-treasurer's

compensation for those years was \$500, \$1,000 and \$1,100 respectively. However, there are no records verifying that the membership approved these yearly increases.

Additionally, the LM report disclosed compensation payments to Local 1398's president and the recording secretary in 2007 although the local bylaws contain no authorization for payment of any compensation to these positions.

Based on your assurance that Local 1398 will retain adequate documentation in the future, especially pertaining to officers salary and other compensation amounts, OLMS will take no further enforcement action at this time regarding the above violation(s).

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 1398 for the fiscal year ending December 31, 2007 was deficient in the following areas:

1. Opening Cash

Statement A, Assets and Liabilities section of the Annual Financial Disclosure Report, Form LM-3, requires the disclosure of the local's cash balance as of the first day of the reporting year (Item 25 (A)). For fiscal year 2007 Local 1398 reported an opening cash balance that was approximately \$6,500 greater than the actual cash balance.

2. Receipts and Disbursements

Statement B, Receipts and Disbursements section of the Form LM-3, requires the union to report all cash received from any source for the reporting year. The audit found that in 2007 Local 1398 failed to disclose over \$9,000 in receipts. The audit also determined that Local 1398's reported cash disbursements were approximately \$9,500 greater than the actual amount.

Longshoremen Local 1398 must file an amended Form LM-3 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. I am providing you with a blank form and instructions. Reporting forms and instructions are also available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be

Mr. James Piner
April 30, 2009
Page 4 of 5

submitted to this office at the above address as soon as possible, but not later than May 30, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate and signed properly with original signatures.

I want to extend my personal appreciation to Local 1398 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]
Senior Investigator

cc: Paul A. Redman, President