

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 10, 2009

Mr. Tom McClure, President
Seafarers AFL-CIO
Sugarworkers Local 1
641 Loring Ave
Crockett, CA 94525

LM File Number: 009-957
Case Number: [REDACTED]

Dear Mr. McClure:

This office has recently completed an audit of Sugarworkers Local 1 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 Lawrence Ross on July 27, 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.

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 1's 2009 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 1 did not require officers and employees to submit itemized receipts for all meal expenses. 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 1's 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. 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.

2. General Reimbursed and Debit Card Expenses

Local 1 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by the officers holding union debit cards. For example, during the audit year the local's bank statements reflect eight point of sale charges for gasoline expenses, totaling \$444.57 for which no receipts identifying the vehicle used and the purpose or event related to these charges.

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.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201, which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Reports for Local 1, for fiscal years ending December 31, 2007 and December 21, 2008 have not been filed with OLMS.

You should be aware that under the provisions of Section 209(a) of the LMRDA, any person who knowingly fails to disclose any information required under the provisions of this act is subject to a fine of up to \$10,000 or imprisonment for not more than one year, or both. Local 1 must file annual financial reports for fiscal years ending December 31, 2007 and 2008. The forms should be submitted as soon as possible, but not later than September 14, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

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 1's officers and employees were not bonded at the time of the audit. The union obtained bonding coverage and provided evidence of this to OLMS during the audit. However, the bond covered Local 1's officers and employees for \$20,000, but they must be bonded for at least \$55,000. Local 1 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than August 31, 2009.

I want to extend my personal appreciation to Sugarworkers Local 1 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.

Mr. Tom McClure
August 10, 2009
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Sincerely,



Investigator

cc: Lawrence Ross, Business Agent