

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
San Francisco District Office
90 7th Street, Suite 18100
San Francisco, CA 94103



June 5, 2009

Mr. Allen Fung, Secretary-Treasurer
Longshore and Warehouse Union AFL-CIO
Local 34
4 Berry Street
San Francisco, CA 94107

LM File Number: 040-370

Case Number: [REDACTED]

Dear Mr. Fung:

This office has recently completed an audit of ILWU Local 34 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 President Rene Ducroux on June 5, 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.

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-2 filed by Local 34 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Salaries Paid Officers and Employees

Local 34 did not include some payments to officers and employees in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). The local's collective bargaining agreement requires that the local pay 15 percent of the dispatch costs, which includes salaries paid to dispatchers.

The local reimburses the Joint Port Clerks Labor Relations Committee (JPCLRC) for these dispatch costs. On the 2008 LM-2, the local reported all of the reimbursements to the JPCRC in Schedule 18-General Overhead, but the 15 percent which the local pays as reimbursement for dispatch salaries should be reported next to the officer or employee's name in Schedules 11 and 12. In addition, there should be an entry in Item 69-Additional Information Summary explaining which of the reported salaries are reimbursed to the JPCLRC.

I am not requiring that Local 34 file an amended LM report for 2008 to correct this deficient item, but Local 34 has agreed to properly report the deficient item on all future reports it files with OLMS.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 34 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

Local 34 has now filed a copy of its constitution and bylaws.

Other Violation

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 union needs to be bonded for a minimum of \$173,000. The union is currently bonded for \$200,000, but the bond has a deductible of \$5,000 which is not acceptable since a deductible is a form of self insurance. The union needs to obtain a bond for a minimum of \$173,000 without a deductible. A copy of the new bond certificate should be forwarded to me.

Mr. Allen Fung

June 8, 2009

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I want to extend my personal appreciation to you 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,



Supervisory Investigator

cc: Rene Ducroux, President