



March 4, 2011

Mr. Robert Collins, President  
ILWU LU 21 Kalama Export Division  
PO Box 1136  
Kalama, WA 98625

Case Number: [REDACTED]  
LM Number: 540231

Dear Mr. Collins:

This office has recently completed an audit of ILWU LU 21 Kalama Export Division 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 on March 8, 2011, 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 21's 2010 records revealed the following recordkeeping violations:

#### 1. General and Debit Card Expenses

Local 21 did not retain adequate documentation for general and debit card expenses incurred by union officers totaling at least \$11,300.49. For example, 45 out of 53 disbursements were not supported with a union record. These payments were for retirement gifts, per capita tax payments, monthly meeting room rental, cash door prizes, and 13 debit card purchases to replenish the vending machine.

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.

2. Lack of Salary Authorization

Local 21 did not maintain records to verify that the monthly salaries totaling \$3300 was the authorized amount. 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.

3. Receipt Dates not Recorded

Entries in Local 21's general ledger do not reflect the date the union deposited money, or the date money was received. Union receipt records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them

Based on your assurance that LU 21 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

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 21 amended its bylaws, but did not file a copy with its LM report. Local 21 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to ILWU LU 21 Kalama Export Division 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,



Investigator