

U.S. Department of Labor

Office of Labor-Management Standards
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March 16, 2010

Mr. Miguel Rizo, Sr., President
Longshoremen AFL-CIO
Local 1982
2632 Hayden St.
Oregon, OH 43616

LM File Number 508-890
Case Number: [REDACTED]

Dear Mr. Rizo, Sr.:

This office has recently completed an audit of Longshoremen Local 1982 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 Miguel Rizo, Jr. on March 4, 2010, 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 1982's fiscal year ending January 31, 2009 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 1982 did not record in its receipts records employer dues check off checks and funds received from banks for interest earned on its checking accounts totaling at least \$28,561.77. For example, no entries were made for any receipts for the entire audit year February 1, 2008 through January 31, 2009. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. Lost Wages

Local 1982 did not retain adequate documentation for a lost wage reimbursement payment to former President Charles Moody totaling \$1,216.20. The OLMS audit found that Local 1982's records did not identify the number of hours and the applicable rate of pay for Moody. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted.

3. Failure to Maintain Meeting Minutes

Local 1982 failed to maintain executive board meeting minutes for the audit period, with the exception of October 2008. Article 8, Section 3 of the bylaws grants executive board members the authority to make expense disbursements on behalf of the local.

No membership meeting minutes were maintained for February, May, and October 2008. Article 12 of Local 1982's Bylaws allows the membership to vote on disbursements. However, the minutes that were recorded are extremely vague and no specific topics were detailed. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

4. Failure to Maintain Invoices/Bills

Local 1982 did not retain adequate documentation for expenses incurred totaling at least \$600.00. For example, no invoice or documentation was available for a disbursement to James Leeper for accounting services.

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.

Based on your assurance that Local 1982 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 1982 for fiscal year ending January 31, 2009, was deficient in the following areas:

1. Initiation Fees

During the organizational interview, Financial Secretary Miguel Rizo, Jr., disclosed that Local 1982 collects initiation fees from new members during the monthly meetings. Review of the records show that a duplicate receipt is issued to the member upon payment. However, the initiation fees collected are not recorded properly in Item 40 (Fees, Fines, Assessments and Work Permits) of the Form LM-3 report. It appears the union erroneously reported these receipts in Item 38 (Dues).

2. Disbursements to Officers

Local 1982 did not include some reimbursements to officers totaling at least \$7,697.26 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

Local 1982 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 1982 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

Local 1982 must file an amended Form LM-3 for fiscal year ending January 31, 2009, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.dol.gov/olms). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than

March 31, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Cash Payments

The audit revealed that Local 1982 made cash payments to individuals for services provided during the audit period. For example, cash payments were made for weekly office cleaning and monthly payments for office duties, such as making copies and faxing union documents. Article 15 of Local 1982's Bylaws require that all bills must be paid by check and co-signed by the President and Financial-Secretary.

As a measure to ensure internal controls of union funds, OLMS recommends that all disbursements be made by check. The two-signature requirement is an effective internal control of union funds because its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Local 1982 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Longshoremen Local 1982 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,



Mr. Miguel Rizo, Sr.
March 16, 2010
Page 6 of 6

Investigator

cc: Miguel Rizo, Jr., Financial Secretary