



December 28, 2005

Mr. A. E. Boatwright
Secretary-Treasurer/Business Agent
Longshoremen Local 1765
6025 Chippewa Street, Suite 301
St. Louis, Missouri 63109

Dear Mr. Boatwright:

This office has recently completed an audit of Longshoremen Local 1765 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 December 19, 2005, 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.

Title II of the LMRDA establishes certain reporting and record-keeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record-keeping deficiencies were revealed during the audit of Local 1765's 2004 records:

- The union does not have a duplicate receipt book. They do not issue receipts for purchases of t-shirts or to members who pay dues in the office. The local was told that they are required to maintain a duplicate receipt book and keep all duplicate receipts stating the date, amount, and reason for a receipt.
- The local does not require officers or members to fill out a voucher when they receive lost time from the local. The union must have back-up documentation stating the reason for the lost time as well as the day and hours missed and the amount of pay the individual will receive.

You stated that you will begin using a receipt book immediately and will work with the accountant on creating a voucher that will require all the necessary information when members are receiving lost time.

As agreed, provided that Local 1765 makes the suggested changes and maintains adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding this violation.

The audit also revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 1765's officers and employees are currently bonded for \$15,000, which was not sufficient during 2004. After further review of the union's records for 2005, it appears as though the \$15,000 bond will be adequate for fiscal year 2005. Therefore, the local was in violation of the bonding requirement for 2004 but does not need to raise the amount to be in compliance for 2005. You stated you would double check at the end of the year to make sure that the \$15,000 bond is sufficient.

During the audit, you advised that it is Local 1765's practice for you to sign all union checks and to stamp the signature of President Carlos Brown on union checks. The second signature requirement is an effective internal control of union funds. If at all possible, you may want to have two authentic signatures on the checks.

I want to thank you for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,

Dennis L. Eckert
District Director

By: *7001*
Investigator

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