



May 25, 2010

Mr. Brad Steph, President
Longshoremens Association AFL-CIO
Local 1692
P. O. Box 4309
Corpus Christi, TX 78469-4309

Case Number: [REDACTED]
LM Number: 033734

Dear Mr. Steph:

This office has recently completed an audit of Longshoremens Association AFL-CIO Local 1692 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 Treasurer Mae M. Williams on April 30, 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 Violation

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 1692's 2008 records revealed the following recordkeeping violation:

Information not Recorded in Meeting Minutes

During the audit, Mr. Steph advised OLMS that the executive board and the membership authorized the dispatcher to receive \$20 per day as a dispatch fee. The Bylaws for ILA Local 1692 requires local expenditures and the procedures for payment be authorized by the membership and the executive board. Although these expenditures were discussed several years ago by the executive board and the membership, there was no documentation of the authorization. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 1692 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 1692 for fiscal year ending December 31, 2008, was deficient in that the total receipts reported do not correspond to the total reconciled total receipts received by the local during the audit period. Also, the total disbursements reported do not correspond to the total disbursements withdrawn from Local 1692's checking account during the audit period.

I am not requiring that Local 1692 file an amended LM report for 2008 to correct the deficient items, but Local 1692 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

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.

Local 1692's officers and employees are currently bonded for \$25,000. However, the Commercial Crime Policy Declarations revealed that there was a \$250 deductible for employee theft. During the audit, Local 1692 obtained adequate bonding coverage without any deductible.

I want to extend my personal appreciation to Longshoremens Association AFL-CIO for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you

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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

cc: Ms. Mae M. Williams, Treasurer