

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Boston District Office
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June 18, 2009

Mr. Stephen Morrissey, Local President
Longshoremens AFL-CIO
Local 809
PO Box 51605
Boston, MA 02205-1605

LM File Number 016-087
Case Number: |||||

Dear Mr. Morrissey:

This office has recently completed an audit of ILA Local 809 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 Local Treasurer Thomas Moakley on June 18, 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.

The CAP disclosed recordkeeping violations, reporting violations, and other violations.

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 809's 2008 records revealed the following recordkeeping violations:

1. Local Expenses

Local 809 did not retain adequate documentation for local expenses totaling at least \$825. For example, documentation was not retained for per capita payments, charity donations, political action campaign fund contributions, and local election expenses.

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. Failure to Record Receipts

Local 809 did not record in its receipts records some employer dues check-off checks and some other receipts received totaling at least \$6,600. For example, check-off dues, initiation fees, and interest received from the local's bank account were not recorded in the local's general ledger. 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.

3. Receipt Dates not Recorded

Entries in Local 809's general ledger reflect the date the union deposited money, but not the date money was received. Union receipts 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.

4. Lack of Salary Authorization

Local 809 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. Specifically, Local 809 did not maintain records to verify the salaries received by the local president and vice president during the fiscal year ending December 31, 2008. 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.

Based on your assurance that Local 809 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 809 for fiscal year ending December 31, 2008, was deficient in that:

Failure to Report Receipts

Local 809 did not report \$930 in receipts in Statement B of the local's LM-3 filed for the fiscal year ending December 31, 2008. The Statement B instructions state that receipts must be recorded when money is actually received by the local.

Local 809 must file an amended Form LM-3 for fiscal year ending December 31, 2008, 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.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than July 9, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

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 809's officers and employees are not currently bonded, but they must be bonded for at least \$3,250. Local 809 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than July 9, 2009.

Mr. Stephen Morrissey

June 18, 2009

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I want to extend my personal appreciation to ILA Local 809 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,

Mark Letizi
District Director

cc: Thomas Moakley, Local Treasurer