



U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 22, 2009

Mr. Eugene Davenport, Secretary/Treasurer
Longshore & Warehouse Union, Local 54
22 North Union Street
Stockton, CA 94205

LM File Number: 041-215
Case Number: [REDACTED]

Dear Mr. Davenport:

This office has recently completed an audit of Longshore and Warehouse Union Local 54 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 September 21, 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.

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 54's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 54 did not retain adequate documentation for reimbursed expenses totaling at least \$888.26. For example, check number [REDACTED] made payable to [REDACTED] for \$888.26 was not supported by any documentation.

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 54 will retain adequate documentation in the future for all purchases of fixed assets and equipment and correct the union's current inventory of assets, 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 LM-3 filed by Local 54 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 54 did not report indirect salary payments to an officer totaling over \$20,000.00 in Column E of Item 24 (All Officers and Disbursements to Officers). Instead, these disbursements were incorrectly reported in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 54 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).

I am not requiring that Local 54 file an amended LM report for 2007 to correct the deficient items, but as agreed, Local 54 will properly report the deficient items on all future reports filed with this agency.

2. 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 54 amended its constitution and bylaws in 2001 and 2002, but did not file a copy with its LM report for those years.

Local 54 has now filed a copy of its current constitution and bylaws.

I want to extend my personal appreciation to Local 54 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

cc: Rick Fidely, ILWU Local 54 President
William E. Adams, ILWU Secretary-Treasurer
Russell Bargmann, ILWU Research Director