

EAST BAY DRAYAGE DRIVERS SECURITY FUND
Anti-Fraud Policy

The East Bay Drayage Drivers Security Fund (“Trust”) hereby adopts this Policy to prevent, deter, and detect any fraudulent misappropriation of funds that are due the Trust or funds that are to be used to pay Trust debts.

I. Introduction

This Policy documents the Trust’s commitment to protect the Trust’s assets, to emphasize the need for accurate financial reporting and to define guidelines for the investigation and handling of fraud, should it occur. This Policy shall apply to all persons engaged by the Trust, including Trustees, employees and contracted service providers.

II. Definition of Fraud

The term “fraud” may include many activities, but this Policy is primarily concerned with financial matters that damage the Trust including,

- Misappropriation of Trust assets;
- Intentional misstatement of financial reports;
- Making expenditures and incurring liabilities for improper purposes;
- Unlawfully or inappropriately obtaining revenue and/or assets; and
- Alternation of business records and/or data.

III. Identification of Fraud Risks

While not necessarily a common problem, the possibility for fraud exists in all multiemployer plans. It is prudent to implement protective measures in each of the areas of Trust administration and operation that diminish the possibility fraud will occur, including:

- Accounting/Recordkeeping:
 - ✓ Segregation of duties
 - ✓ Intentional misposting/misclassification of transactions
- Disbursements to Vendors:
 - ✓ Fraudulent payments to vendors
 - ✓ Payments of incorrect amounts
 - ✓ Payments to false vendors
- Banking – Operating Accounts:
 - ✓ Custody over signature stamps/plates
 - ✓ Custody of check stock
- Banking – Claim Benefit Checks:
 - ✓ Custody over signature stamps/plates
 - ✓ Custody of check stock

- **Claims Processing:**
 - ✓ Fraudulent payments to ineligible and/or non-existent participants
 - ✓ Fraudulent payments to non-existent and/or false providers
 - ✓ Submission of fraudulent claims and/or services by providers

- **Information Technology:**
 - ✓ System application overrides
 - ✓ Inappropriate security levels that will allow users full access to transactions
 - ✓ Lack of use of passwords and lack of controls over passwords

- **Financial Statements:**
 - ✓ Intentional misrepresentation of estimates
 - ✓ Providing incomplete/inaccurate data to consultants and/or actuaries including date-specific information

- **Reporting Fraud Within the Organization:**
 - ✓ Lack of established policy for protecting whistleblowers

Responsibility for these duties rests primarily with the Trust's third-party administrator, but other entities have an interest and role in preventing fraud, including, the Trust's sponsors, independent auditors, consultants, service providers and participants.

IV. Role of Trustees in Preventing Fraud

The Trustees recognize that fraud is unlikely to occur where there is a commitment to ethical behavior, oversight of activities taken on behalf of the Trust and procedures in place to allow individuals to report suspected fraudulent activities. In addition to their assumption of fiduciary duties under ERISA, the Board of Trustees has taken the following steps:

- Each Trustee is required to sign a Code of Conduct, reaffirming his or her commitment to ethical behavior in Trust dealings;

- The Board has adopted a Conflict of Interest Policy, requiring the Trustees and Trust service providers to act in good faith and in the interest of the Trust;

- The Board has adopted a Whistleblower Policy to affirm its commitment to creating means for individuals to report fraud and other illegal activities without fear of retaliation; and

- The Board has adopted a Document Retention and Destruction Policy to ensure that Trust records are maintained should it be necessary to investigate potentially fraudulent activity.

The Trustees will periodically review this Policy and its implementation.

V. Role of Third-Party Administrator in Preventing Fraud

The Board will also periodically ask the Trust's third-party administrator whether it has adopted an anti-fraud policy and to demonstrate that adequate measures are in place to reduce the risk of fraud in the areas of Trust administration identified in Section III, above, including the implementation of internal financial controls. The third-party administrator will also be asked to inform the Trustees of how it enforces its anti-fraud policy, including actions taken against employees engaging in fraud against the Trust.

VI. Role of Independent Auditor in Preventing Fraud

In conjunction with the Trust's annual financial audit, the Trust's independent auditor will assess anti-fraud procedures and controls in place at the third-party administrator's office. The third-party administrator will be expected to discuss its role in, and responsibility for, preventing and detecting fraud and this discussion will be used to assist in identifying particular risk areas and improvements to existing practices and procedures.

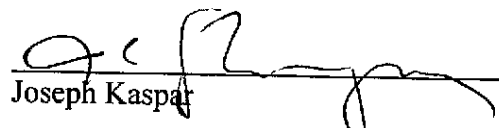
Adopted this 19th day of March, 2009.

On behalf of the Board of Trustees, East Bay Drayage Drivers Security Fund:



Chuck Mack

Co-Chair of the Board of Trustees



Joseph Kaspar

Co-Chair of the Board of Trustees