U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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April 6, 2007

Mr. Stephen Richmond, President
Teamsters
Local Union #1149
7272 Van Buren Rd.
Baldwinsville, NY 13027-9074

Re: Case Number: [redacted]

Dear Mr. Richmond:

This office has recently completed an audit of Teamsters, Local #1149 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 yourself, Secretary Treasurer George Prusinowski, Business Manager Becky Ginuta and Accountant Robert Kilfoyle on March 30, 2007, 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 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 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 note can be

written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local Union #1149 records revealed the following recordkeeping violations:

> LU #1149 failed to maintain adequate documentation for reimbursed expenses associated with payment to [redacted] for services provided as supervisor of delegate nomination meeting and ballot count. All hotel receipts should have been retained and mileage reimbursement did not identify the date of travel, locations traveled to and from and miles driven each day.
>
> I reviewed all of the auto expense charges (mileage) submitted by you and former Secretary Treasurer Ormsby for use of your personal automobiles. I found a failure to maintain daily mileage logs documenting each business use of those vehicles. Instead, I found weekly summations of total miles traveled multiplied by a set rate and a one or two word desription of the travel. Logs need to be maintained for each personal vehicle use, documenting the date, number of miles driven and the business purpose of each use.

As agreed, provided that Local Union #1149 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP 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-2) filed by Local Union #1149 for fiscal year ending December 31, 2006, was deficient in the following areas:

Schedules 3 and 4 (Sale of Investment and Fixed Assets/Purchase of Investments and Fixed Assets)

On Schedule 3, you posted the sale of National Financial-FHLMC at $4,522 and the sale of PIMCO Mutual Funds at $14,488. My analysis shows the funds were "rolled over" and promptly reinvested. However, you failed to disclose such activity as required on line 14, Less Reinvestments, and thus line #15, Net Sales and subsequently Cash Receipts, line #43, Sale of Investments and Fixed Assets, are inflated by $19,010.00

Furthermore, on Schedule 4, you posted the purchase of PIMCO Mutual Funds at $788 and the sale of Federated Money Market at $19,865. Analysis discloses that these funds were also "rolled over" and promptly reinvested. However, you failed to disclose such activity as required on line 14, Less Reinvestments, and thus line #15, Net Purchases and subsequently Cash Disbursements, line #60, Purchase of Investments and Fixed Assets, are inflated by $20,653.

Additionally, because of all the reinvestment changes that need to be made, the "interest earned" will be correspondingly reduced from $1,658 to $15.

As we discussed, Local Union #1149 agreed to electronically file an amended Form LM-2 for fiscal year ending December 31, 2006, complete with digital sinatures, to correct the deficient items discussed above. USDOL received your amended report on April 3, 2007.

Other Violations

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 handled by those individuals or their predecessors during the preceding fiscal year, up to a maximum of $500,000. An individual is considered to be "handling" union funds if his/her duties or authority provide access to union funds resulting in a significant risk of loss of funds if that person engages in fraudulent or dishonest acts.

Analysis of Local Union #1149 financial records for fiscal year ending December 31, 2006, reveals that officers and/or employees having access to receipts only shall be bonded minimally for $48,290 and those having access to all of the union funds shall be minimally bonded for $59,930. Local Union #1149 should provide proof of adequate bonding coverage to this office no later than April 16, 2007.

I want to extend my personal appreciation to Teamsters, Local #1149 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,

[redacted]
Investigator

cc: Robert Kilfoyle, CPA