**U.S. Department of Labor**

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
1222 Spruce Street
Room 9 109E
St. Louis, MO 63103
(314)539-2667 Fax: (314)539-2626

June 12, 2007

Mr. Gary Dunham, Secretary-Treasurer
Teamsters
Local 238
5000 J Street
Cedar Rapids, IA 52406

LM File Number 006-334
Case Number: [redacted]

Dear Mr. Dunham:

This office has recently completed an audit of Teamsters Local 238 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 [redacted] on May 11, 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.

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-2 filed by Local 238 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers and Employees

   Local 238 improperly reported per diem allowances paid to officers and employees while on travel status for union business in Column E on both Schedules 11 and 12 on the LM-2. Per diem allowances should be reported in Column F (Disbursements for Official Business).

Allowances made by direct or indirect disbursements to officers and employees on a daily, weekly, monthly, or other periodic basis is reportable in Column E. However, allowances paid on the basis of mileage or meals must be reported in Column F on Schedules 11 and 12.

2. Fixed Assets

Land owned by Local 238 in Palo, Iowa is not reported in Schedule 6 (Fixed Assets) on the LM-2. All land and buildings owned by Local 238 must be itemized in Schedule 6 including fixed assets that were expensed, fully depreciated, or carried on the labor organization's books at scrap value or other nominal value. Further details regarding the reporting of fixed assets can be found in the LM-2 instructions.

I am not requiring that Local 238 file an amended LM report for 2006 to correct the deficient items, but Local 238 has agreed to properly report the deficient items on all future reports it files with OLMS.

## 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 238's officers and employees are currently bonded for $415,000, but they must be bonded for at least $458,000. Local 238 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 June 30, 2007.

## Other Issues

The CAP disclosed that Local 238 maintained minutes to support the authorization of salary raises for officers and employees. However, the amount of the January 2006 salary increase of $122 per week for [redacted] was not supported by the January 9, 2006 Executive Board meeting minutes. You indicated that the January 2006 salary

increase amount of $22 per week reflected in the minutes regarding [redacted] is a "typo" as she was promoted to Office Manager at that time and was entitled to the higher increase. You further indicated that correcting these prior minutes would be addressed at the next Executive Board meeting and that you would forward proof of the correction to our office.

I want to extend my personal appreciation to Teamsters Local 238 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: Gary Mika, President