



December 21, 2011

Case Number: [REDACTED]
LM Number: 065374

Mr. Mike Hampton, President
Teamsters Local 96
5627 Allentown Rd
Suite 202
Suitland, MD 20746

Dear Mr. Hampton:

This office has recently completed an audit of Teamsters Local 96 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, Secretary-Treasurer John Cage, Vice President Jim McMahon, Recording Secretary John Nesbitt, Trustee Victor Kelly, and Office Manager LeDonne Simmons on December 14, 2011, 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 96's 2010 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 96 did not retain adequate documentation for some credit card expenses incurred by union officers and employees. For example, Local 96 failed to maintain the hotel receipts for a union trip made by several officers to Boston, MA. The union also failed to maintain receipts for several additional credit card charges.

As 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 Maintain Records

Local 96 records did not always have sufficient information regarding the 50/50 raffles held at membership meetings. The records should include the date and amount of money collected, the winner of the raffle, and the amount of money disbursed.

Based on your assurance that Local 96 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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-2, filed by Local 96 for fiscal year ending December 31, 2010, was deficient in that:

1. Disbursements to Officers and Employees

Local 96 did not include salary payments made to the secretary-treasurer totaling \$7,135.96 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedule 12 (Disbursements to Employees) in the section titled "Totals Received By Employees Making Less Than \$10,000."

2. Disbursements for Benefits

Local 96 erroneously reported the employers portion of benefits paid directly from the union to the vendor in Schedule 12 (Disbursements to Employees), Column E (Allowances Disbursed). These benefits should have been reported in Schedule 20 (Benefits).

3. Certificates of Deposit Reported As Investments

Local 96 improperly included the value of a certificate of deposit as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

4. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 96's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. It appears that the union did not report the money in their general savings account on the LM report.

Local 96 must file an amended Form LM-2 for the fiscal year ended December 31, 2010, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than January 31, 2012. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic 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 96's officers and employees are currently bonded for \$65,000, but they must be bonded for at least \$78,984. Local 96 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 January 31, 2012.

Mr. Mike Hampton

February 16, 2012

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I want to extend my personal appreciation to Teamsters Local 96 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,

A solid black rectangular box redacting the signature of the sender.

Supervisory Investigator

cc: Mr. John Cage, Secretary-Treasurer