

U.S. Department of Labor

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September 27, 2007

Mr. Mike Robinson, Financial-Secretary
Teamsters
Local 1070
1613 Redwood Lane
Lafayette, IN 47905-3939

LM File Number: 065-229

Case Number: [REDACTED]

Dear Mr. Robinson:

This office has recently completed an audit of 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 22, 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 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 4's 2006 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 1070 did not retain adequate documentation for credit card expenses incurred by union officers. For example, on April 1, 2006 Local 1070 purchased an airline ticket from Southwest Airlines for \$400.60; however, no receipt or flight coupon was maintained.

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.

2. Meeting Minutes

During the audit, you advised OLMS that the membership authorized all disbursements made by the local by approving the monthly financial reports given at the monthly membership meetings. Section 14(A)(8) of the Local 1070 bylaws appears to require that specific authorization must be obtained at a membership meeting for all non-routine expenditures and routine expenditures not of substantial nature. While you indicated to OLMS that Local 1070 previously maintained meeting minutes for all membership meetings, the minutes for membership meetings held between January 2006 and August 2006 were not available for review at the time of the audit. As such, OLMS was unable to verify membership approval of all previously noted disbursements made during that time period. Membership meeting minutes must be maintained in order to provide a record of membership approval of all previously noted disbursements.

Based on your assurance that Local 1070 will retain adequate documentation in the future, 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(a), which requires that a union submit a copy of its revised bylaws with its LM report when it makes changes to its bylaws. Local 1070 recently amended its bylaws, but did not file a copy with its LM report for that year. Local 1070 has now filed a copy of its bylaws.

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-3 filed by Local 1070 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Bonding

Item 20 (What is the maximum amount recoverable under your organization's fidelity bond for a loss caused by any office or employee of your organization?) should have been answered with \$25,000.

2. Disbursements to Officers

Local 1070 did not include some salary payments and reimbursements for "lost time" to officers totaling at least \$6,661 in the amounts reported in Item 24 Column D (Gross Salary before taxes and other deductions). It appears the union erroneously reported these payments in Item 24 Column E (Allowances and Other Disbursements). Page 9, Item 24, Column D on the *Instructions for Form LM-3* states: "Enter the gross salary of each officer (before tax withholdings and other payroll deductions). Include disbursements for "lost time" or time devoted to union activities."

3. Certificates of Deposit Reported as Investments

Local 1070 improperly included the value of two certificates of deposit of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash.

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4. Item 41 – Interest and Dividends

Local 1070 did not include \$1,474 in interest received from the local's two certificates of deposit in Item 41. It appears the local neglected to report this receipt anywhere on the LM report.

5. Item 47 – Per Capita Tax

Local 1070 did not include \$26,821 in per capita tax disbursements in Item 47. It appears the union erroneously reported these disbursements in Item 54 (Other Disbursements).

Local 1070 must file an amended Form LM-3 report for fiscal year ending December 31, 2006, to correct the deficient items discussed above. OLMS provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended FORM LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 18, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Teamsters Local 1070 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: Brad Thompson, President