

U.S. Department of Labor

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June 16, 2008

Mr. James Ruth, President
Teamsters Local 1717
2100 Oak Road
1st Floor
Cincinnati, OH 45241

LM File Number: 037-515
Case Number: [REDACTED]

Dear Mr. Ruth:

This office has recently completed an audit of Teamsters Local 1717 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 Investigator [REDACTED] discussed during the exit interview with you, Secretary Treasurer Rick Hauss and Recording Secretary [REDACTED] on April 8, 2008, 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 1717's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 1717 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Secretary Treasurer Rick Hauss totaling at least \$37.28. For example, on January 24, 2007, Hauss purchased \$37.28 worth of gasoline at United Dairy Farmers on his union credit card but did not provide any supporting documentation. On October 5, 2007, Hauss made another gasoline purchase for \$52.15 but the receipt maintained did not provide any explanation for the purchase.

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. Lost Wages

Local 1717 did not retain adequate documentation for lost wage reimbursement payments to you on at least one instance. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The audit found that Local 1717 requires that all officers submit a Request for Reimbursement Form anytime they request lost wages from the union. On November 15, 2007 you submitted a Request for Reimbursement Form to the union for lost wages. However, the form was not adequately completed. You did not include the number of hours lost nor your rate of pay at the time.

3. General Records

Local 1717 failed to maintain records that support the general course of union business. For example, Local 1717 was missing a bank statement from Communicating Arts Credit Union account number 88031964. The missing statement reflected activity from January 1, 2007 to April 30, 2007.

According to Section 206 of the LMRDA, records must be maintained on the matters required to be reported which will provide in sufficient detail the necessary basic information and data from which the documents filed can be verified, explained, and checked for accuracy and completeness.

4. Meal Expenses

Local 1717 did not require officers and employees to submit itemized receipts for meal expenses charged to the union's credit card. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 1717's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, meal receipts found in the records incurred by you and Secretary Treasurer Hauss showed that you dined at restaurants, but there was nothing written on the receipts explaining the purpose for the meals. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 1717 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(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 1717 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 1717 did not report meeting stipends and lost time reimbursements to officers under the correct column headings in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported all lost time reimbursements and special meeting stipends under Column E (Allowances and Other Disbursements) instead of Column D (Gross Salary - before taxes and other deductions).

The union must report most direct disbursements to Local 1717 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

Local 1717 also failed to report taxes withheld in Item 24 (All Officers and Disbursements to Officers) Line 10 (Less Deductions). This caused the amount reported on Item 24, Line 11 (Net Disbursements) to be incorrect in that it does not include income withheld for tax purposes during the 2007 audit year.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report

when it makes changes to its constitution or bylaws. Local 1717 amended its constitution and bylaws and provided OLMS a copy. However, the copy provided does not contain a date; therefore, OLMS can not determine with which LM report the constitution should have been filed.

I am not requiring that Local 1717 file an amended LM report for 2007 to correct the deficient items, but Local 1717 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Check Signatures

During the audit, I scanned all check images provided to Local 1717 from Fifth Third Bank. Checks [REDACTED] were negotiated with only one signature. Your union requires that all checks be signed by the president, treasurer and/or vice president. The two signature requirement is an effective internal control for union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, disbursing checks with one signature does not attest to the authenticity of a completed check and negates the purpose of the two signature requirement. OLMS recommends that Local 1717 review this procedure to improve internal control of union funds.

I want to extend my personal appreciation to Teamsters Local 1717 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,

Lesta A. Chandler
District Director

Mr. James Ruth
June 16, 2008
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