

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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April 1, 2009

Mr. Anthony Sara, Secretary-Treasurer
Teamsters
Local Union 422
3701 Bosworth, Suite 203
Cleveland, Ohio 44111

LM File Number 010-006
Case Number: ■

Dear Mr. Sara:

This office has recently completed an audit of Teamsters Local Union 422 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 Office Manager Kristen Kenaga on March 30, 2009, 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 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 Union 422 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local Union 422 did not include some reimbursements to officers totaling at least \$1,085.00 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

The union must report most direct disbursements to Local Union 422 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).

2. Disbursements to Employees

Local Union 422 did not include payments to employees totaling at least \$2,900.00 in Item 46 (To Employees). It appears the union erroneously reported these payments in Item 54.

The union must report the total of all salaries, allowances, travel advances which are not considered loans, and other direct and indirect disbursements (less deductions for FICA, withheld taxes, etc) to employees of your organization during the reporting period. This includes disbursements to individuals other than officers who receive lost time payments even if your organization does not consider them to be employees or does not make any other direct or indirect disbursement to them.

I am not requiring that Local Union 422 file an amended LM report for 2008 to correct the deficient items, but Local Union 422 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Teamsters Local Union 422 for the cooperation and courtesy extended during this compliance audit. I strongly

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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,



Lead Investigator

cc: Leotis Gibson, President