

U.S. Department of Labor

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June 12, 2009

Mr. Steven Chandler, Secretary-Treasurer
Teamsters
Local 38
2601 Everett Avenue
Everett, WA 98201

LM File Number 023-943
Case Number: [REDACTED]

Dear Mr. Chandler:

This office has recently completed an audit of Teamsters Local 38 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, Karen Knutsen, and Barbara Saul on June 4, 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.

Recordkeeping Violation

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 38's 2008 records revealed the following recordkeeping violation:

Meal Expenses

Local 38 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,615.83 in the 3 months sampled. 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.

Based on your assurance that Local 38 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 38 for fiscal year ending December 31, 2008 was deficient in the following area:

Certificates of Deposit and Money Market Accounts Reported As U.S. Treasury Securities

Local 38 improperly included the value of certificates of deposit and money market accounts as U.S. Treasury Securities in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. Money market accounts are also considered to be cash for LM reporting purposes. 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 in Schedules 3 (Sale of Investments and Fixed Assets) and 4 (Purchase of Investments and Fixed Assets).

Local 38 must file an amended Form LM-2 for fiscal year ending December 31, 2008, to correct the deficient item 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

June 26, 2009. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

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 38 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year. Local 38 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Teamsters Local 38 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: Rick Olson, Local 38 President