



March 10, 2015

Mr. Wesley A. Trotterchaud, President  
Teamsters Local Union 519  
2306 Montclair Avenue  
Knoxville, TN 37917

Case Number: 410-6000416( )  
LM Number: 019-538

Dear Mr. Trotterchaud:

This office has recently completed an audit of Teamsters Local Union 519 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 Treasurer James D. Styles on November 24, 2014, 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 519's 2013's records revealed the following recordkeeping violations:

#### 1. Credit Card Expenses

Local 519 did not retain adequate documentation for credit card expenses incurred by a union officer totaling at least \$322.65. For example, there were no receipts for the credit card charges incurred by the union officer.

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. Disposition of Fixed Assets

Local 519 did not maintain adequate documentation relating to the sale of certain assets during the audit year. For example, the union received proceeds from the sale of its automobiles during the audit year, but did not retain documentation that identified the name of buyer. The union must retain adequate records to verify, clarify, and explain the information that is reported in Schedule 3 (Sale of Investments and Fixed Assets).

Based on your assurance that Local 519 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-2) filed by Local 519 for the fiscal year ended December 31, 2013 was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 519 did not include some payments to officers and employees totaling at least \$2,411.53 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

2. Automobile Expenses

Local 519 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) disbursements for the operation and maintenance of union automobiles totaling at least \$3,113.98.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

3. Fees

Local 519 improperly reported at least \$31,388 in hiring hall, initiation, and re-initiation fees in Item 36 (Dues and Agency Fees). The amount should be reported in Item 38 (Fees, Fines, Assessments, Work Permits). Additionally, since hiring hall fees are assessed to nonmembers working in your union's jurisdiction, you should enter the fees required and the calendar basis for the payment (per month, per year, etc.) in Item 21(e) (Work Permits).

4. Interest not Properly Reported

Local 519 did not include in its amounts in Item 40 (Interest) interest earned from certificates of deposit totaling at least \$2,285.79. The LM-2 instructions require that unions include all interest received from bank accounts, bonds, loans and all other sources in Item 40 of the report.

5. Arbitration Fees

Local 519 improperly reported \$7,355 in arbitrations fees in Item 53 (Fees, Fines, Assessments, Etc.). Any arbitration fees relating to the preparation, negotiation, and administration of your union's collective bargaining agreement should be reported in Schedule 15 (Representational Activities).

On February 12, 2015, Local 519 filed an amended Form LM-2 for the fiscal year ended December 31, 2013 to correct the deficient items.

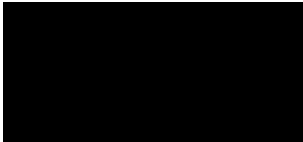
Other Issue

Salary Amount

Beginning January 25, 2013, salaries paid to officers and business agents exceeded the authorized amount because of a mathematical error. Because of the error, the president, treasurer, and business agents received salary payments totaling at least \$3,827.58 in which they may not have been entitled to receive. Mr. Trotterchaud, it is important that all disbursements for salaries and other expenses are issued in the correct amount as authorized by the appropriate governing body of your organization.

I want to extend my personal appreciation to Teamsters Local Union 519 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: Mr. James D. Styles, Treasurer