



November 19, 2010

Mr. Steven P. Vairma, President
Teamsters, Joint Council 3
10 Lakeside Lane, Suite 2E
Denver, CO 80212

Case Number: [REDACTED]
LM Number: 512068

Dear Mr. Vairma:

This office has recently completed an audit of Teamsters, Joint Council 3 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 Executive Secretary Janet Benefield on November 18, 2010, 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 Joint Council 3's 2009 records revealed the following recordkeeping violations:

1. Meal Expenses:

Joint Council 3 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the charges at Joint Council 3 Delegates meetings. For example, Joint Council 3 held delegates meetings in Phoenix and in Denver, which included the spouses of delegate officers. Union records

of meal expenses did not include a complete list of attendees at those events. Meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the charges. Also, the records retained must identify the names of the restaurants or caterers where the officers or employees incurred meal expenses.

2. Information not Recorded in Meeting Minutes

During the audit, Ms. Benefield advised OLMS that executive board members authorized the spouses of Joint Council 3 officers to attend delegates meetings in Phoenix and Denver which included expenditures of joint council funds. Article VI, Sections 6.6 and 6.7 requires the executive board to manage and expend Joint Council 3 funds according to its Bylaws and the Teamsters International Constitution. The Bylaws, the IBT Constitution, or the minutes of executive board and district council meetings do not contain any reference to the approval of meals for spouses. Minutes of all executive board or joint council meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Joint Council 3 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 Joint Council 3 for the fiscal year ended December 31, 2009, was deficient in the following area:

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. District Council 3 has not filed its constitution and bylaws with its LM report for any years prior to 2009.

Teamsters, Joint Council 3 has now filed a copy of its constitution and bylaws.

Other Violations

Inadequate Bonding:

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Joint Council 3's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Joint Council 3 obtained adequate

bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Teamsters, Joint Council 3 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. Andrew Marshall, Vice President
Mr. Joe Dwyer, Secretary-Treasurer