

U.S. Department of Labor

Employment Standards Administration  
Office of Labor-Management Standards  
Milwaukee District Office  
517 East Wisconsin Avenue, Suite 737  
Milwaukee, WI 53202-4504  
(414) 297-1501 / FAX: (414) 297-1685



August 3, 2005

Darryl Connell, President  
Teamsters Local 200  
6200 W. Bluemound Road  
Milwaukee, WI 53213

Re: 2

Dear Mr. Connell:

This office has recently completed an audit of Teamsters Local 200 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 yourself, Tim Buban, Trish Van Boxel, and Marianne Robbins on July 7, 2005, 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 record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping deficiencies were revealed during the audit of Local 200's 2003 records:

- 1) Local 200 failed to retain adequate documentation for some disbursements. For example, adequate documentation was not retained for 4 o Badger Ad Promotions for \$8,378.80. Union records identify the purpose of the disbursement as "it's for labor and 7329," but the invoice was not retained for this check.
- 2) Local 200 failed to properly record interest payments for several bank accounts. The interest payments recorded by the local during 2003 for the 4 do not match those which are reported on the bank statements. It appears the local books interest on these accounts in the year after it was earned. The interest recorded by the local for the 4 account does not reflect what appears on the bank statements for the audit

year either. It is unclear what bank record local 200 used as a reference to identify the receipts that were recorded. Union records must identify the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source.

As agreed, provided that Local 200 maintains adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding this violation.

### Reporting Violations

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-2) filed by Local 200 for fiscal year ending December 31, 2003 was deficient in the following areas:

- 1) Item 46 (Interest) should include the total amount of interest received by the organization from savings accounts, bonds, mortgages, loans and all other sources during the fiscal year. It appears Local 200 reported in Item 46 interest earned in years other than fiscal year ending 12/31/03.
- 2) Local 200 erroneously reported automobile allowances paid to full-time officers and employees in Schedules 9 and 10 (All Officers and Disbursements to Officers/Disbursements to Employees). Column D (Gross Salary). Allowances which are paid on a daily, weekly, monthly or other periodic basis, and which do not include those paid on the basis of mileage or meals, must be reported in Column E (Allowances).
- 3) Payments to stewards for dues reimbursements were erroneously reported in Item 15 (Other Disbursements) Stewards are considered employees of the union for LM-2 reporting purposes and payments to them, or on their behalf, must be reported in Schedule 10.

Disbursements made to someone other than the steward as a result of transactions arranged by the steward in which property, goods and services were received by or on behalf of your organization rather than the steward, such as the refreshments and other expenses of membership banquets or meetings, may be reported in Item 15. However, any amounts received as a direct disbursement to the steward, or any amount received on behalf of the steward that is not an exception as listed on page 12 and 13 of the LM-2 instructions, must be reported in Schedule 10.

- 4) Out of town travel expenses incurred by officers and employees were erroneously reported in Schedule 15 (Other Disbursements). Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 9 and 10 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 9 and 10. However, indirect disbursements for business expenses incurred for transportation by a public

carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedule 13 (Office and Administrative Expenses). Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G of Schedules 9 and 10 (Other Disbursements).

- 5) Item 13 was answered "yes", however Local 200 failed to provide an adequate description of the items that were given away. The type and value of any property received or given away must be identified in the additional information section of the LM report with the identity of the recipient(s) or donor of such property.

In the case of union hats and other items distributed to a large number of members, the names of all members receiving such items need not be reported in the additional information section. Instead, the union may simply identify the type and value of property given away and identify the number of members that received each type of item. If the items given away were distributed to a specific section of the union's membership, it would be appropriate to also include that information.

- 6) Schedule 5 (Fixed Assets), Column E (Fair Market Value), does not appear to accurately report the fair market value of the assets listed in Column A of the schedule. Specifically, the amount reported as the fair market value for the buildings owned by Local 200 during the fiscal year ending December 31, 2003 is zero. Although it is not necessary to secure a formal appraisal of the assets, a good faith estimate is expected. The value used for insurance purposes or for tax appraisals would normally be acceptable in determining the fair market value of an asset.

I am not requiring that Local 200 file an amended LM-2 report for 2003 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation to you and your entire staff for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,



Investigator

cc: Tim Buban, Secretary/Treasurer

LM 013-315