



June 30, 2010

Mr. Ronald Lucas, President
Teamsters Local 264
35 Tyrol Drive
Cheektowaga, NY 14227

Case Number: [REDACTED]
LM Number: 038823

Dear Mr. Lucas:

This office has recently completed an audit of Teamsters Local 264 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, Secretary Treasurer Glenn Miller, Trustee Mary Holl, and Office Manager Marcia Wagner on June 28, 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 Local 264's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 264 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and business agents totaling at least \$1,377. For example, no receipts were maintained for Mr. Bill's restaurant for \$49 and Fast Track for \$32.61. In addition, no receipts were maintained for TGI Friday's Restaurant for \$171.36 charged to the union's credit card by Business Agent Joseph Nowak.

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. Meal Expenses

Local 264 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$5,900. 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.

Local 264 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 264 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 Teamsters Local 264 for fiscal year ending December 31, 2009, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 264 did not include payments to officers and employees totaling at least \$1,500 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.

In addition, the LM-2 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Schedules 11 and 12 of the LM-2, allocated to the officer or employee to whom each vehicle is assigned. Also, for each trip they take using a union owned or leased vehicle, officers and employees should maintain mileage logs, or a similar record, that shows the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

2. Failure to Itemize Disbursement

Local 264 did not properly report a “major” transaction(s) in one of the appropriate schedules on the LM-2. A “major” transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B.

The audit found that a one-time payment was made to the Erie County Agricultural Society for fair tickets totaling \$5,049. An itemization page was not completed for the payee and included in the appropriate schedule on the form. Rather it appears this amount was erroneously reported elsewhere on the form.

I am not requiring that Local 264 file an amended LM-2 Report for 2009 to correct the deficient items, but Local 264 has agreed to properly report the deficient items on all future reports it files with OLMS.

3. 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 264 accurately answered Item 18 on the report for fiscal year ending December 31, 2006 that changes were made to its constitution and bylaws during the reporting period; however a dated copy of the new constitution and bylaws was not submitted to OLMS.

Local 264 has now filed a paper copy of its constitution and bylaws, and has agreed to submit an electronic copy as an attachment with the next report it files with OLMS.

Other Issues

1. Authorizations/ Information not in Meeting Minutes

The Bylaws of Local 264 state that “specific authorization at a membership meeting shall be required for such expenditures, except for routine expenditures not of a substantial nature,” as listed in Section 14, A.8. During the audit, OLMS found that not only were the purchases of new automobiles not included in the meeting minutes, but were subsequently referred to by the union as purchases not presented to the membership. Furthermore, Section 16 C. states that “the Local Union may provide its officers or representatives with automobiles upon authorization of the membership...” Membership meeting minutes do not contain any reference to these authorizations.

Minutes of all membership or executive board meetings must be maintained and report any disbursement authorizations made at those meetings.

2. Travel Expenses/Advance Policy

As I discussed during the exit interview, the audit revealed that Local 264’s travel expense policy for officers and employees is complicated and inconsistent among recipients. OLMS recommends that unions adopt written guidelines concerning such travel expenses.

OLMS offered suggestions to you during the exit interview which included other methods for reimbursement of travel expenses. It is recommended that Local 264 consider options such as per diem or actual expenses as methods of compensating officers while traveling on official business.

I want to extend my personal appreciation to Teamsters Local 264 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. Glenn Miller, Treasurer

Mr. David Lorka, Accountant
664 Center Road
West Seneca, NY 14224