

U.S. Department of Labor

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May 29, 2009

Mr. Ritchie Brooks, President
Teamsters AFL-CIO
Local 730
2001 Rhode Island Avenue, NE
Washington, DC 20018

LM File Number 009-607

Case Number: [REDACTED]

Dear Mr. Brooks:

This office has recently completed an audit of Teamsters Local 730 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 Secretary-Treasurer John Woodall and you on May 29, 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 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 730's 2008 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 730 did not retain adequate documentation for some gas and credit card expenses incurred by union officers totaling at least \$2,537.17. For example, the union failed to keep receipts for hotel and car rental expenses incurred by a union officer during a union trip. The union also failed to keep receipts for an airline ticket purchased by another union officer. Additionally, in several instances the union maintained receipts for credit card purchases by officers, but failed to note the purpose in the union records when the receipt was not sufficiently clear as to the union purpose.

As previously 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. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information.

2. Meal Expenses

Local 730 failed to retain itemized receipts for several meals purchased by union officers. 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 730 records of meal expenses did not always include written explanations of union business conducted during these meals. 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.

3. Information not Recorded in Meeting Minutes

During the audit, the local advised OLMS that the executive board authorized expenditures during their meetings. In some cases, the meeting minutes did not contain details of the expenses authorized. In other instances, the minutes discussed disbursements, but failed to indicate whether they were approved. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 730 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 730 for fiscal year ending December 31, 2008, was deficient in that:

1. Disbursements to Officers and Employees

Local 730 did not include a reimbursement to an employee in Schedule 12 (Disbursements to Employees).

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. 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 730 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year. Local 730 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 730 file an amended LM report for 2008 to correct the deficient items, but Local 730 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Teamsters Local 730 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: John Woodall, Secretary-Treasurer