

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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May 27, 2009

Mr. Brad A. Slawson, President  
Teamsters IBT Local 120  
9455 Ulysses St NE, Suite 120  
Blaine, MN 55434

LM File Number: 001-526  
Case Number: [REDACTED]

Dear Mr. Slawson:

This office has recently completed an audit of Teamsters Local 120 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 Attorney Martin Costello and Secretary Treasurer Bradley D. Slawson Sr. on Monday, May 18, 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 120's 2007 records revealed the following recordkeeping violations:

1. Credit Card Auto Expenses

Union officers and employees who used their personal vehicles for union business charged gasoline expenses to union credit cards totaling more than \$15,000 during 2007. In addition, they also received a weekly auto allowance and were reimbursed for auto insurance. However, no records were retained documenting the business use of the automobiles. Local 120 must maintain mileage logs which identify the dates of business travel, locations traveled to and from, and number of miles driven to verify, clarify, and support disbursements for gasoline expenses which are required to be reported Columns (F) (Disbursements for Official Business) or (G) (Other Disbursements) of Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) of the Labor Organization Annual Report (Form LM-2) required to be filed by Local 120.

2. Meal Expenses

Local 120 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,500. Itemized receipts provided by restaurants to officers and employees must be maintained. 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 120 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. 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. Receipt Dates not Recorded

Entries in Local 120's receipts journal reflect the date range during which the union received funds, but not the specific date the funds were received. Receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that receipts must be recorded when money is actually received and disbursements must be recorded when money is actually paid out. Failure to record the specific date money was received could result in reporting some receipts for a different year than the one in which they were received.

Based on your assurance that Local 120 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations. However, as I discussed with Mr. Costello and Mr. Slawson Sr. at the exit interview, Local 120's records will be reviewed again within the next year to ensure that all required records have been retained.

### 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 120 for fiscal year ending December 31, 2007, was deficient in that:

#### Schedule 7 - Other Assets

Local 120 did not include in Schedule 7 the value of t-shirts, jackets, die-casts, or other merchandise on hand at the beginning and end of the audit year. While Local 120 office staff believed the union had merchandise on hand at those times, they were unsure of the amount of merchandise on hand. Please note that the union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Schedule 7.

I am not requiring that Local 120 file an amended LM report for 2007 to correct the deficient item, but Local 120 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Teamsters Local 120 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you

Mr. Brad A. Slawson  
May 27, 2009  
Page 4 of 5

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: Secretary-Treasurer Bradley D. Slawson Sr.  
Ann Kellan, Legacy Professionals