



November 7, 2011

Ms. Linda Giles, Secretary/Treasurer
Teamsters Local 41
4501 Emanuel Cleaver II Blvd
Kansas City, MO 64130

Case Number: [REDACTED]
LM Number: 017957

Dear Ms. Giles:

This office has recently completed an audit of Teamsters Local 41 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, President Victor Terranella, and Bookkeeper/Office Manager Nancy Yoke on November 1, 2011, 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.

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 41 for fiscal year ending December 31, 2010, was deficient in the following areas:

1. Officer Dues

Officers of Local 41 pay dues as members of the local. These dues are automatically deducted from the officer's salary payments and paid to the local. Because these funds never actually leave the accounts of the local, for the purposes of the Form LM-2, they should not be counted as new receipts and disbursements but fund transfers. We discussed this during the exit interview and you understood how this could inflate the local's receipts and disbursements for the report. We talked about the internal bookkeeping system that is necessary for your records for per capita tax payments. This is acceptable, however, these deductions needs to be reported as fund transfers on the Form LM-2, which you agreed to do in the future.

2. Building Corporation

Local 41 is a member of a building corporation, however this was not answered “yes” on the local’s Form LM-2 in Item 10. We discussed this in the exit interview and you agreed to do this in the future.

3. Disbursements to Officers and Employees

Full time officers and business agents of Local 41 are paid monthly car allowances of \$750 and cell phone allowances of \$85 to offset the use of personal automobiles and cell phones. These payments were reported in Item 11 under Column D (Gross Salary) which is not accurate, because they are not salary payments. These payments should be reported in Item 11 under Column E (Allowances) to more accurately reflect the nature of these payments. We discussed in the exit interview why misreporting these items can inflate the actual salaries of officers and you agreed to correct this error.

4. 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 41 amended its constitution and bylaws in 2009, but did not file a copy with its LM report for that year. During the audit the local provided a copy of its current constitution and bylaws to remedy this and agreed to file them with their LM report when they change in the future.

5. Statement B- Receipts and Disbursements

During the course of the audit it was discovered that the amounts reported in Item 49 (Total Receipts) and Item 68 (Total Disbursements) were not accurate. These items are critical to verify, clarify, and explain almost all other entries within the LM-2 report and must be accurate. We discussed during the exit interview why these numbers are inaccurate and you agreed to correct these errors.

Local 41 must file an amended Form LM-2 for fiscal year ending December 31, 2010, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than December 1, 2011. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

Other Issues

As we discussed during the exit interview, another issue found during the audit is the local’s practice of writing down in the local’s records a date at the end of the month a funds transfer or deposit was to be made and then waiting a few days or even a week to actually make the deposit. It is important to accurately record the date that bank deposits and fund transfers occur, especially at the beginning and end of the fiscal year.

I want to extend my personal appreciation to Teamsters Local 41 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. Victor Terranella, President
Ms. Nancy Yoke, Bookkeeper/Office Manager