

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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November 10, 2008

Mr. Thomas Loritz, President
Teamsters
Local Union 636
616 Chartier's Avenue
McKees Rocks, PA 15136

LM File Number 015-700

Case Number: [REDACTED]

Dear Mr. Loritz:

This office has recently completed an audit of Local Union 636 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 and Secretary Rebecca Laepelle on November 5, 2008, 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.

The CAP disclosed the following violations:

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 Union 636's 2007 records revealed the following recordkeeping violations:

1. Meal Expenses

Local Union 636 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,100.00. For example, although credit card invoices were retained for all meal expenses, local union officers did not maintain itemized receipts provided by restaurants for meals by 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.

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.

2. Lost Wages

Local Union 636 did not retain adequate documentation for lost wage reimbursement payments to Recording Secretary Larry Johnson totaling at least \$611.50. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local Union 636 identified the number of hours and the date the lost wages were incurred but did not identify on lost wage vouchers the applicable rate of pay or the union business conducted.

During the exit interview, I reviewed the current lost wage voucher used by Local Union 636 and identified the type of information and documentation that the local must document to satisfy this recordkeeping requirement.

Based on your assurance that Local Union 636 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 Union 636 for fiscal year ending December 31, 2007 was deficient in the following area:

1. Acquire/Dispose of Property

Item 15 [LM-2] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets and t-shirts totaling more than \$1,954.00 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that Local Union 636 file an amended LM report for 2007 to correct the deficient items, but Local Union 636 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local Union 636 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,

[Redacted Signature]

Investigator

cc: Guy Johnston, Secretary Treasurer