

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Minneapolis Resident Investigator Office
900 Second Avenue South, Suite 450
Minneapolis, MN 55402
(612)370-3111 Fax: (612)370-3107



February 11, 2009

Mr. Dennis Raymond, Chairman
Teamsters Bakery and Laundry Conference
1871 Baldwin Street
Waterbury, CT 06706

LM File Number: 017-851
Case Number: [REDACTED]

Dear Mr. Raymond:

This office has recently completed an audit of the Bakery and Laundry Conference 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 Dan Bartholomew and CPA Charles Marini on February 9, 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 the Bakery and Laundry Conference's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

The Bakery and Laundry Conference did not retain adequate documentation for reimbursed expenses incurred by Secretary-Treasurer Dan Bartholomew totaling at least \$8,300. On January 19, 2007, Mr. Bartholomew was issued check number 2538 totaling \$11,147.46. According to supporting documentation, the \$11,147.46 payment was reimbursement for meal expenses, banquet expenses, and hotel stays incurred in San Diego, Atlanta, and Myrtle Beach. Though you and Mr. Bartholomew stated that the Atlanta expenses were contract negotiation related and the Myrtle Beach and San Diego expenses were related to policy board meetings, none of the supporting documentation corresponding to over \$8,300 of the expenses listed the nature of the union business requiring the disbursement.

In addition, though the reimbursement to Mr. Bartholomew included over \$4,400 in meal expenses, no itemized receipts were provided for any of the meal expenses. Further, much of the supporting documentation pertaining to the \$11,147.46 reimbursed to Mr. Bartholomew was obtained from vendors only after I contacted Mr. Bartholomew to schedule the audit. For instance, the hotel receipt corresponding to a \$2,660.90 charge on October 22, 2006, at the Embassy Suites Hotel in Myrtle Beach, South Carolina was faxed to Mr. Bartholomew on August 21, 2008; three days after Mr. Bartholomew was notified of the audit. In addition, receipts provided in support of the \$11,147.46 payment totaled \$11,886.46, and the records do not explain the reason(s) for the difference.

Documentation must be kept showing the nature of the union business requiring each disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In addition, the Conference 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. 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. Receipt Dates not Recorded

The Conference's receipts were recorded in an electronic receipts journal and on bank deposit tickets. Though the date of each deposit was recorded in union records, none of the union's records reflect the date the money was received. Union 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-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that the Bakery and Laundry Conference 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-3) filed by the Bakery and Laundry Conference for fiscal year ending December 31, 2007, was deficient in that:

Disbursements to Officers

The Conference did not include the reimbursement to Secretary-Treasurer Dan Bartholomew totaling \$11,147.46 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears this amount was erroneously reported in Item 54 (Other Disbursements).

Most direct disbursements to conference officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion

of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

The Bakery and Laundry Conference must file an amended Form LM-3 for fiscal year ending December 31, 2007, to correct the deficient item discussed above. The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than February 25, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to the Bakery and Laundry Conference 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: Dan Bartholomew, Secretary-Treasurer