Testimony of Marvin M. Levy
Subcommittee on Oversight and Investigations of the
Committee on Education and the Workforce in
The United States House of Representatives on
April 29, 1998

Mr. Chairman and members of the Subcommittee:

My name is Marvin M. Levy. I am a certified public accountant with the accounting and consulting firm of KPMG Peat Marwick LLP ("KPMG"). I have included a copy of my resume in materials submitted to the committee for your review. On November 21, 1997, I received a telephone call from Jane Booth of the United States Attorney's Office ("USAO"), Southern District of New York to discuss the possible need for an Independent Financial Auditor ("IFA") to monitor the expenditures of the International Brotherhood of Teamsters ("IBT") in connection with a legal proceeding pending in the Southern District of New York (United States v. IBT, et al.).

This initial retention was pursuant to an Interim Agreement between the USAO and the IBT which was to be shortly replaced with a Court Order. As of today, this Court Order has not been submitted to the Court.

Our retention in this matter is designed to monitor disbursements from the IBT. In KPMG's role, we perform the following:

1. Obtain a list from the IBT of the daily disbursements in order to examine the adequacy of supporting documentation and determine whether proper approvals have been obtained. We review documentation to determine whether disbursements on their face would appear to constitute a violation of the IBT Constitution or would otherwise constitute fraud or abuse of IBT funds or property. The IFA does not make any decisions on whether disbursements made are a prudent business use of IBT funds. To date, no pension disbursements have been reviewed but such activity is planned.

2. Follow-up on disbursements that appear to contain insufficient documentation or where questions are raised about the disbursements.

3. Perform a comparison of disbursements shown to us with the bank statements, to confirm that the IFA has seen all disbursements listed on those statements.

4. Respond to requests made by either the IBT or the United States Attorney's office.

There has been some confusion about KPMG's role in this matter. I would like to clarify. KPMG does not, in this matter, conduct investigations. As the Committee is aware, investigations are done by the Independent Review Board ("IRB"). Our role is to review disbursements based upon the documentation presented. To the extent we feel there is insufficient documentation, we request additional documentation, or if necessary, we would refer it to the appropriate party (i.e. Election Officer, IRB, USAO). Also, KPMG does not

perform an audit of the financial statements of the IBT, render a opinion on these financial statements or the correct application of Generally Accepted Accounting Principles. The IBT retains a separate accounting and auditing firm to perform this task.

In particular, you had questions regarding the IBT's payments of legal bills for services to lawyers in connection with responding to this Committee's February 19, 1998 subpoena. As stated in my April 15, 1998, letter to the Committee, I know of no expenditures that we have seen that the IBT has made, to date, for legal services relating to the subpoena.

Thank you for allowing me the time to appear before you.