

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Buffalo District Office
130 South Elmwood, Suite 510
Buffalo, NY 14202
(716) 842-2900 / FAX: (716) 842-2901



June 3, 2008

Dennis Demo, President
Communications Workers, AFL-CIO
Local 51024
531 Stone Street
Watertown, NY 13601

LM File Number: 034-082

Case Number: [REDACTED]

Dear Mr. Demo:

This office has recently completed an audit of Communications Workers, Local 51024 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 on May 30, 2008 with the local's accountant Gary Rowe 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 CWA Local 51024's 2006 and 2007 records revealed the following recordkeeping violation:

1. General Expenses

Local 51024 did not retain adequate documentation for general expenses and debit card expenses incurred by union officers totaling at least \$1,000. For example, between October 2006 and April 2007 there were two missing auto expense receipts totaling \$31, two missing office supply receipts totaling \$131, a missing postage receipt for \$16.20, and six missing travel expense receipts totaling approximately \$877 in debit card charges.

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. Meal Expenses

Local 51024 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$120. The union 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.

Local 51024 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, from October 2006 through April 2007 there were 17 recorded expenses for meals. 10 of which were missing receipts and the seven available receipts had no explanation(s). Union 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.

Based on your assurance that CWA Local 51024 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 Reports (Form LM-3) filed by Local 51024 for fiscal year ending (FYE) September 30, 2007, was deficient in that:

1. Disbursements to Officers (LM-3)

Local 51024 did not include some reimbursements to officers totaling at least \$900 in Schedule 24 (All Officers and Disbursements to Officers). It appears that the local erroneously reported the payments in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 51024 officers and some indirect disbursements made on behalf of its officers 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).

I am not requiring that Local 51024 file an amended LM-3 report for fiscal year ending September 30, 2007 to correct the deficient items, but Local 51024 has agreed to properly report the deficient items on all future reports it files with OLMS.

2. 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 51024 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

Local 51024 has now filed its constitution and bylaws.

I want to extend my personal appreciation to Local 51024, as well as local accountant Gary Rowe for their 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 be of any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Eric Amundsen – Secretary-Treasurer
Gary Rowe – Certified Public Accountant