



June 6, 2011

Mr. Steven Lewsader, President  
Communications Workers AFL-CIO Local 7201  
75 So. Owasso Blvd  
Little Canada, MN 55117

Case Number: [REDACTED]  
LM Number: 036752

Dear Mr. Lewsader:

This office has recently completed an audit of Communications Workers AFL-CIO Local 7201 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 Treasurer Joanie Siegfried on April 28, 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.

#### 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 7201's 2010 records revealed the following recordkeeping violations:

1. Meal Expense Charged to Credit Card

Local 7201 did not retain adequate documentation for a credit card expense incurred by Ms. Siegfried totaling \$345 at Kozlak's Royal Oak Restaurant. Ms. Siegfried retained an itemized receipt for the expense and the notation on a voucher indicated that expense was for "Mtgs." Such a description does not sufficiently identify the union business conducted that required the expense be incurred. In addition, Ms. Siegfried did not identify who was present for the meal. 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. During the exit interview, Ms. Siegfried explained that the meal was for an executive board meeting.

## 2. Lost Wages

Local 7201 did not retain adequate documentation for most of the lost wage reimbursement payments to you and Vice President Christy Kuehn totaling at least \$52,000. Records must be maintained 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 audit found that you and Ms. Kuehn submitted vouchers that identified the number of hours lost on each date and the rate of pay claimed. Further, you submitted check stubs from Qwest Company show that you lost wages from the company during the periods of the lost wage claims or during the weeks of the lost wage claims. However, neither you nor Ms. Kuehn identified on the lost wage vouchers the union business conducted that required the lost wages be incurred.

During the exit interview, I provided you with an OLMS compliance tip regarding lost time payments. The tip identifies the type of information and documentation that the local must maintain for lost wages.

Based on your assurance that Local 7201 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violation

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 7201 for the fiscal year ended September 30, 2010, was deficient in the following area:

#### Disbursements to Officers

Local 7201 did not include some direct disbursements to officers totaling at least \$1,228 in the amounts reported in Column F (Disbursements for Official Business) of Schedule 11 (All Officers and Disbursements to Officers). Expense vouchers show that officers were paid per diem for meals and incidental expenses related to attendance at conferences and were reimbursed for various expenses such as postage and small office supplies. During the exit interview, Ms.

Siegfried confirmed that she erroneously included per diem payments for meals and incidental expenses in the amounts reported in Column E (Allowances) of Schedule 11. The LM-2 instructions for Column F identify examples of disbursements that are required to be included in Column F, and include “expenses that were reimbursed directly to an officer.” As noted in the LM-2 instructions, allowances to be reported in Column E include those allowances made on a daily, weekly, monthly or other periodic basis, but do not include allowances paid on the basis of mileage or meals (which are required to be reported in Columns F or G).

Further, Ms. Siegfried was indirectly reimbursed for a \$345 meal expense to Kozlak’s Royal Oak Restaurant (mentioned above) which was not included in the amount reported in Column F of the Schedule 11 next to Ms. Siegfried’s name. During the exit interview Ms. Siegfried confirmed that the meal expense was erroneously reported in Schedules 15 through 19.

Direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur must be reported in Column F of Schedules 11 and 12. However, indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

I am not requiring that Local 7201 file an amended LM report for 2010 to correct the deficient items, but Local 7201 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Communications Workers Local 7201 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: Ms. Joanie Siegfried, Treasurer