

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 29, 2009

Mr. Thomas Grenfell, President
Communications Workers, AFL-CIO
Local Union 14503
11420 East Nine Mile Road
Warren, MI 48089

Re: Case Number [REDACTED]
LM File Number: 030-810

Dear Mr. Grenfell:

This office has recently completed an audit of Communications Workers Local 14503 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 Vice President/Secretary Treasurer Stephen Urbaniak on September 28, 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 Local 14503's 2008 records revealed the following recordkeeping violations:

1. Lost Wages

Local 14503 did not retain adequate documentation for lost wage reimbursement payments to union employees totaling \$500. 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 14503 failed to maintain all records relating to the lost time payments.

The audit also disclosed that the union does not have a clear policy that identifies the specific circumstances under which lost time may be authorized to be incurred. The lack of a detailed lost time policy and the union's failure to keep all records to support the lost time payments prevented OLMS from verifying that the payments that must be included in Item 46 (To Employees) of Local 14503's Labor Organization Annual Report (Form LM-3) are the authorized amounts and, therefore, will be correctly reported. The union must keep a record, such as meeting minutes, to show the current lost time policy authorized by the entity or individual in the union with the authority to establish a lost time policy.

2. Information Not Recorded in Meeting Minutes

During the audit, you and Mr. Urbaniak advised OLMS that the executive committee authorizes all disbursements at executive committee meetings. However, a review of the committee meeting minutes disclosed a failure to provide accounts of all disbursements authorizations. For example, authorizations for reimbursement of gas, lodging and meal expenses totaling at least \$4,529.62 payable to President Bernard Schenk were not included in the meeting minutes. Minutes of all membership and executive committee meetings must clearly and accurately report any disbursements authorizations made at those meetings.

3. Canceled Checks

Local 14503 failed to maintain canceled checks for all disbursements. Local 14503 must maintain all bank records used or received in the course of union business, including voided and canceled checks, and deposit slips.

4. Officer Expenses

Local 14503 did not retain adequate documentation for all travel expenses, reimbursed expenses, and other expenses incurred on behalf of union officers and employees. For example, you received check [REDACTED] in the amount of \$567.54 for reimbursement of expenses incurred for the CWA District#4 Education Conference. However, no receipts were retained in support of that payment. 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.

Authorization and approval of large and/or unusual disbursements and a full understanding of the level of wages, allowances, and expenses to which the union's officers and members are entitled should be recorded in the minutes of your membership or executive board meetings if they are not fully covered in the union's constitution and bylaws.

The recordkeeping requirement can be most easily satisfied with a descriptive bill, invoice, or receipt that identifies the vendor's name and address, the date and amount of the transaction, and the goods or services provided. If a receipt is not descriptive, you should note the missing information on the receipt. If a receipt is not provided by the vendor, then you must create a record containing the identifying information with a notation that original documentation was not provided.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements, in addition to, membership or executive board meeting minutes to document approval of disbursements. The president and financial secretary (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 14503's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that Local 14503 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(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 14503 amended its bylaws in 2007, but did not file a copy with its LM report for that year. Local 14503 has now filed a copy of its bylaws with OLMS.

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 Local 14503 for the fiscal year ending September 30, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 14503 failed to include expense reimbursement payments to you totaling \$2,484.78 in Item 24. The union must report in Column (E) the total of all other direct and indirect disbursements to each officer other than salary, including allowances, disbursements which were necessary for conducting official business of your organization, and disbursements essentially for the personal benefit of the officer and not necessary for conducting official business of your organization.

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 for room rent charges only) or for transportation by a public carrier (such as an airline) for an officer traveling on union business may be reported in Item 48 (Office and Administrative Expense).

2. Disbursements to Employees

Local 14503 did not include in Item 46 (Disbursements to Employees) the meeting attendance payments issued to executive committee members Gary Rusnell, Barbara Ingalls, Stephen Urbaniak, and Fred Clein or lost time payments issued to union members Joe Kinsey and Barbara Frederick. Employees include individuals

other than officers who receive lost time payments even if the labor organization does not otherwise consider them to be employees or does not make any other direct or indirect disbursements to them.

I am not requiring that Local 14503 file an amended LM report for 2008 to correct the deficient items, but Local 14503 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 14503 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 are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Stephen Urbaniak, Vice President/Secretary Treasurer