

U.S. Department of Labor

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



February 18, 2010

Anthony Vecchio, President
Communication Workers, AFL-CIO
Local 51211
4124 Balboa Drive
Liverpool, NY 13090

LM File Number: 511-308

Case Number: [REDACTED]

Dear Mr. Vecchio:

This office has recently completed an audit of the Communications Workers of America Local 51211 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 Treasurer Colin Bailey on February 9, 2010 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.

The audit of Local 51211's 2008/2009 records revealed the following recordkeeping violations:

Recordkeeping Violation

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 51211's 2008/2009 records revealed the following recordkeeping violations:

Credit Card Expenses

Local 51211 did not create or maintain adequate documentation for credit card expenses incurred by Treasurer Colin Bailey and President Anthony Vecchio totaling at least \$200. There was no supporting documentation or detailed explanation accompanying the credit card statements to which payment was made.

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.

Based on your assurance that Local 51211 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 Local 51211 for fiscal year ending September 30, 2009, was deficient in that:

Disbursements to Officers

Local 51211 did not properly report the total amounts of payments made to or on behalf of officers in the appropriate column in Item 24 (All Officers and Disbursements to Officers). Gross salaries to officers are to be reported separately from allowances and other disbursements.

The union must report most direct disbursements to the Local 51211 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 the Local 51211 file an amended LM report for 2009 to correct the deficient items, but Local 51211 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year without a deductible attached to the policy.

The Local 51211 officers and employees are bonded according to the LMRDA requirements however a \$200 deductible is part of the policy. Local 51211 should remove the deductible amount from its bonding coverage for its officers and any person who handle union funds or property immediately. Please provide proof of the corrected bonding coverage to this office as soon as possible, but not later than March 9, 2010.

Self-insurance by the union, in whole or in part, fails to meet the bonding requirements of the LMRDA. A union may not deposit its own funds with a surety company to pay for losses or to compensate a surety company for losses sustained under a bond. A bond may also not have a deductible since that is a form of self-insurance.

Other Issue

Expense Policy

As I discussed during the exit interview with Treasurer Colin Bailey, the audit revealed that Local 51211 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement, who is eligible to receive reimbursed expenses and under what circumstance, and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Local 51211 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: Edward Jones, Vice President
Colin Bailey, Treasurer
Jim Kane, Accountant – Kane, Bowles, & Moore