



July 2, 2007

Mr. Bryan Gould, Treasurer  
AEEF CWA Local 1300  
P.O. Box 381938  
Cambridge, MA 02238

LM File Number: 511-720  
Case Number: [REDACTED]

This office has recently completed an audit of AEEF CWA Local 1300 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 on June 28, 2007 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 CAP disclosed recordkeeping violations, reporting violations, other violations, and other issues.

#### 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 1300's 2006 records revealed the following recordkeeping violation.

#### Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the executive board authorized all disbursements during its monthly meetings. Article XI, Section 4 of the Constitution of the Association of Employees of the Education Foundation as amended in October 1990 requires that "by a majority vote of the Executive Board, expenditures of up to a maximum of \$500 per year in the form of donations to other unions or to organizations engaged in labor support work or as fees for labor-related conferences, schools and seminars, in increments of no more than \$100 per expenditure, can be made without the prior approval of a membership meeting. Each such expenditure shall be reported to the membership at the next full membership meeting." However Local 1300 did not maintain any minutes of local union meetings. Minutes of all membership meetings must report any disbursement authorizations made at those meetings.

#### 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 LM-3 filed by Local 1300 for fiscal year ending August 31, 2006 was deficient in the following area:

##### Office and Administrative Expense

Local 1300 erroneously reported the office and administrative expenses disbursed as \$5,558. Local 1300 actually disbursed \$12,794 in office and administrative expenses. It appears that the expenses were reported in Item 54, "Other Disbursements". The LM-3 instructions require that the union report office and administrative expenses disbursed in Item 48 (Office and Administrative Expense).

OLMS is not requiring that Local 1300 file an amended LM report for 2006 to correct the deficient items, but Local 1300 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Violations

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.

The audit revealed that Local 1300's officers and employees were not bonded for the minimum amount required, \$75,029.95, at the time of the audit. However, the union obtained adequate bonding coverage, \$90,000.00, and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

President Signature on All Checks

In accordance with Article V Section 1 of the Constitution of the Association of Employees of the Education Foundation as amended in October 1990: (the local president) "...shall countersign all checks and vouchers..." and according to Article XI Section 2: "All authorized, proper, and lawful expenditures shall be made from the funds of the AEEF through checks drawn by the president and treasurer of the AEEF." Currently, the president is not signing all checks as required by the local union's constitution articles as listed above. In the future, Local 1300 should ensure that all checks are signed by both the local president and local treasurer.

I want to extend my personal appreciation to you 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,

Mark Letizi  
District Director

cc: Joseph Montagna, Business Manager