U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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July 12, 2007

Mr. Mark Garey, former President
Communication Workers of America AFL-CIO
Local 4487
208 Center St.
Gratiot, Ohio 43740-0327

Re: Case Number: [redacted]

Dear Mr. Garey:

This office has recently completed an audit of CWA Local 4487 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 [redacted] on July 9, 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.

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 4487's 2005 records revealed the following recordkeeping violations:

1. Local Union Disbursements: General and Credit Card Disbursements

   Local 4487 did not retain adequate documentation for expenses incurred by the local to Miller's Essenplatz in 2004 totaling $1,026.94. Miller's Essenplatz received two checks from Local 4487 for a catered Christmas party; however, no receipts were retained in support of these payments. In addition, a scan of the local's credit card disbursements revealed that Local 4487 did not retain any receipts for credit card expenditures for all months and only maintained the credit card statements.

   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 the fact that Local 4487 has terminated, OLMS will take no further enforcement action at this time regarding the above violation.

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 4487 for fiscal year ending September 30, 2005 was deficient in the following area:

1. Disbursement to Officers (LM-3)

   Local 4487 did not include two reimbursements to [redacted] totaling $121.00 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in other disbursement items in Statement B.

The union must report most direct disbursements to Local 4487 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).

2. Failure to File LM-3

Section 201(b) of the LMRDA requires that every labor organization file annually with the Secretary a financial report signed by its president and treasurer or corresponding principal officers disclosing its financial condition and operations for its preceding year. Local 4487 has failed to file the LM-3 for fiscal year ending September 30, 2006, in addition to a terminal LM-3 for 2007.

I am not requiring that Local 4487 file an amended LM-3 report for 2005 to correct the deficient items, but Local 4487 has agreed to properly report the deficient items on the 2006 LM-3 report by August 31, 2007.

I want to extend my personal appreciation to CWA Local 4487 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,

[redacted]
Investigator

cc: Frank Mathews, President CWA Local 4321