



September 30, 2010

Mr. Steven D. Berman, President
Communications Workers Local 14408
Chicago Typographical Union #16
1580 S. Milwaukee Ave., #208
Libertyville, IL 60048

Case Number: [REDACTED]
LM Number: 026-577

Dear Mr. Berman:

This office has recently completed an audit of Chicago Typographical Union #16/CWA Local 14408 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 today during the exit interview with you, Secretary Treasurer Michelle Tovo, and Legacy Representatives Bob Cann and Tom Theis, 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 14408's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 14408 did not retain adequate documentation for reimbursed expenses and credit card charges incurred by you totaling at least \$7,650.84. The union neglected to maintain credit card statements for a Mastercard issued to you for the entire audit period. Additionally, the union failed to maintain 10 of 12 American Express statements and related receipts for the audit period. Further, the union did not retain records to explain a \$98.99 airfare reimbursement payment made to you.

As 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.

2. Meal Expenses

Local 14408 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, \$206.94 in restaurant charges were applied to the union credit card during a convention in Las Vegas, NV without documentation of who incurred the charges or if applicable, the purpose. Union 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.

3. Lack of Salary Authorization

Local 14408 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) of the LM-2 were the authorized amount and therefore was correctly reported. The union published the president's and secretary treasurer's weekly salary rates in the quarterly newsletters – wages approved by the Executive Committee. However, the secretary treasurer serves in a part time capacity (3 days or 21 hours per week) whereas the published rate was for a full time position. Local 14408 did not retain adequate documentation to explain wages paid in excess of the secretary treasurer's typical three day work week in at least 12 instances. Further, other part time officers received wage payments that were not fully or appropriately documented. For example the vice president, a retiree, received payments coded as lost time.

The union must maintain records in support wage payments that identify the date wages are claimed, if lost wages were incurred, the number of hours worked on each date, the applicable rate of pay, and a description of the union business conducted.

During the exit interview, I provided a sample of an expense voucher Local 14408 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 14408 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-2 filed by Local 14408 for the fiscal year ended September 30, 2008, was deficient in that Item 19 of the report identified the next regular election of officers to be January 2009. You advised that officer terms actually begin in January and that elections are conducted in October of election years. Item 19 of the LM-2 report serves as a method of notification to the members who may wish to participate in the election process. The union must report the month and year that elections are actually conducted – not the first month of the officers' term.

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 14408 attached electronic amendments to its LM-2 filings but neglected to file the complete constitution and bylaws dated 2007 with the Department. Local 14408 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 14408 file an amended LM report for 2008 to correct the deficient items, but Local 14408 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Use of Signature Stamp

During the audit, you advised that the Local 14408 president, vice president and secretary treasurer each possess, although rarely use, signature stamps. Despite the president, secretary treasurer and vice president being checking account signatories, the president and secretary treasurer usually both sign union checks. The use of two original signatures is an effective internal control of union funds. The use of a signature stamp does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 14408 cease any use of signature stamps.

2. Personal use of Credit Cards

The audit revealed that the union's American Express credit card was used to purchase a \$338.50 airline ticket for an officer's family member. Although the officer promptly repaid Local 14408 for the cost of the ticket, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to Chicago Typographical Union #16/CWA Local

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14408 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. Michelle Tovo, Secretary Treasurer