



July 26, 2011

Mr. Michael Baier, President  
Communication Workers AFL-CIO Local 4640  
2233 Birch Street  
Eau Claire, WI 54703-3400

Case Number: [REDACTED]  
LM Number: 010908

Dear Mr. Baier:

This office has recently completed an audit of Communication Workers AFL-CIO Local 4640 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 Bookkeeper Kathleen Steffen and you on June 23, 2011, 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 4640's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses and Credit Card Expenses

Local 4640 did not retain adequate documentation for credit card charges and reimbursed expenses incurred by Vice President Christine Faschingbauer and you totaling at least \$423.00. For example, adequate supporting documentation was not retained for a \$235.90 reimbursement paid to you for airfare to the national convention on June 4, 2010. Local 4640 only retained a copy of your personal credit card statement in support of the airfare expense, which is not sufficient. As another example, adequate supporting documentation was not retained for a \$122.08 charge to the union credit card for Chief Steward Marsha Flater's lodging to attend benefit training in Hoffman Estates, IL on September 19, 2009, which was paid by Local 4640 on October 25, 2009. The only supporting documentation retained for this credit card charge was a printout of Ms. Flater's reservation confirmation, which is also not sufficient.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. 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. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

## 2. Lost Wages

Local 4640 did not retain adequate documentation for lost wage reimbursement payments to Newsletter Committee Member Kathryn Brenden, Secretary Renee Kolisch, and you totaling at least \$2,328.00. Records must be maintained 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 audit found that Local 4640, retained vouchers for lost wage reimbursements, but the vouchers were not sufficient in that the dates that the lost wages were incurred were typically not recorded on the vouchers.

Based on your assurance that Local 4640 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 Local 4640 for the fiscal year ended September 30, 2010, was deficient in the following areas:

1. Disbursements to Officers

Local 4640 did not include some reimbursements and credit card expenses to Ms. Faschingbauer and you totaling at least \$1,649 in the amounts reported Item 24 (All Officers and Disbursements to Officers). Local 4640's credit card statements and expenses vouchers for the audit year indicate that Ms. Faschingbauer and you incurred reimbursed expenses and credit card expenses totaling \$3,713. However, the total amounts reported in Column E (Allowances and Other Disbursements) of Item 24 total only \$2,064. It appears that some of the payments were erroneously included in the amounts reported in Item 48 (Office & Administrative Expenses) and Item 54 (Other Disbursements).

In addition, Local 4640 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 and erroneously reported the names of some individuals who are not officers of the union in Item 24. During the exit interview, Ms. Steffen and you confirmed that Chief Stewards Rodger Gasper and Chris Mattson are officers of Local 4640 and should have been reported in Item 24. Article VII, Section 2 of Local 4640's bylaws state that the members of the executive board consists of the president, executive vice president, secretary, treasurer, and six chief stewards. The LMRDA defines officer as "any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive functions of a labor organization, and any member of its executive board or similar governing body. All persons who held office during the year must be reported in Item 24 regardless of whether they received any payments from the union. During the exit interview, you also confirmed that Ms. Steffen and Ms. Brenden were not members of the union's executive board and are not officers of Local 4640. Ms. Steffen and Ms. Brenden are considered employees for LM reporting purposes, and the total payments to them, less deductions, are required to be reported in Item 46 (To Employees).

Most direct disbursements to Local 4640 officers and some indirect disbursements made on behalf of its officers must be reported 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 Bylaws

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 4640 amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year.

Local 4640 has now filed a copy of its constitution and bylaws.

#### Other Issue

##### Lost Wage Policy

The audit revealed lost wage reimbursements to Secretary Renee Kolisch for 8.27 hours totaling \$186.90 for each of the following dates: October 6, 2009, December 3, 2009, December 7, 2009, and December 8, 2009. During the initial interview, Ms. Steffen and you stated that Local 4640 will pay lost wages to officers and employees if they lose wages from their employer for working on union business, but this is not in the union's written lost wage policy, which can be found in Article XIII, Section 1 of Local 4640's Local Rules. The lost wage policy in Local 4640's Local Rules identifies specific amounts of hours of lost wages that the officers and employees are authorized to incur each month but does not set forth any specific requirements that must be met in order for lost wages to be claimed. It does not appear that Ms. Kolisch actually lost any wages on the dates noted above that she could have been reimbursed for because AT&T payroll records indicated that she was either not scheduled to work or worked her full shift at AT&T on those dates. Further review of Ms. Kolisch's AT&T payroll records for the audit year revealed that Ms. Kolisch took 14 hours of unpaid leave for union business from AT&T totaling \$321.50 that she did not submit to Local 4640 for reimbursement.

During the exit interview, Ms. Steffen and you indicated that the lost wage claims submitted by Ms. Kolisch for the dates noted above were inconsistent with Local 4640's lost wage policy in that it does not appear that Ms. Kolisch lost wages from AT&T, but you felt that these lost wage claims were not a problem because Ms. Kolisch lost additional wages at AT&T for working on union business that she did not submit to Local 4640 for reimbursement, which she was entitled to claim. You believe Ms. Kolisch was working on union business for those instances that she took time off from AT&T and did not submit a lost wage claim to Local 4640 for reimbursement. You also stated that in the past there have been a number of officers and employees that have donated time and have not submitted lost wage claims to Local 4640 for reimbursement because the union has been short on money.

The audit confirmed that the policy is generally followed by Local 4640's officers and employees, except for the few instances noted above. I recommend that Local 4640 review the written lost wage policy and make any necessary changes to the policy so that the policy accurately describes Local 4640's current practice regarding such disbursements. Additionally, verification of lost wage claims submitted by union personnel by either allowing the officers to compare lost wage claims to employer records or by requiring union personnel to submit proof of lost wages claimed (for example, time cards) can be an effective internal control for such payments.

I want to extend my personal appreciation to Communication Workers Local 4640 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,



Senior Investigator

cc: Ms. Renee Kolisch, Secretary