



March 23, 2023

Mr. Vince Anatriello, President
CWA Local 81359
PO Box 339
Waterford, NY 12188

Case Number: 110-6025075()
LM Number: 019738

Dear Mr. Anatriello:

This office has recently completed an audit of CWA Local 81359 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, Secretary-Treasurer Joseph Hines, Head Trustee and Building Committee Chairperson Conrad Lape, and Accountant [REDACTED] on March 20, 2023, 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 81359's records for the fiscal year ended September 30, 2021 revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 81359 did not retain adequate documentation for credit card expenses incurred by union officers totaling at least \$1,000. For example, there were no receipts in the union records for the following transactions: a December 9, 2020 charge of \$170.39 at Testos Restaurant & Pizza; a December 23, 2020 donation of \$200 for Parkinson's Foundation; and an August 24, 2021 purchase of \$450 for gift card prizes at Target.

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. Failure to Maintain Disbursement Records

Local 81359 did not maintain adequate records for some disbursements to vendors totaling at least \$14,300. For example, the union did not retain invoices associated with checks written to Ad Apparel on December 20, 2020 for \$13,206.85 and to Kennedy Graphics on December 23, 2020 for \$1,131.95. A union must maintain itemized receipts and/or invoices provided by merchants and vendors. These itemized invoices are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

3. Disposition of Property

Local 81359 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

4. Failure to Record Receipts

Local 81359 did not record in its receipts records some automated dues deposits and some automated deposits from banks for interest totaling at least \$50,900. For example, four automated dues deposits from CWA totaling \$46,292.47 were included in the union's general account bank statements but not recorded in its books, and at least one deposit of rental income totaling \$4,661 was included in the union's special fund bank statement but not recorded in its books. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

5. Receipt Dates not Recorded

Entries in Local 81359's QuickBooks records reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

6. Information not Recorded in Meeting Minutes

During the audit, union officers advised OLMS that the union authorized payment of monthly phone expenses for the president, vice president, treasurer, and chief steward; monthly electronic storage expenses for the president; and a \$175,000 purchase of union investments during a membership or executive board meeting. Article XI, Section 3 of the local's bylaws empowers the executive board to "determine the financial arrangements necessary to ensure that the business of the local functions in an orderly way" but does not describe the process for approval of new expenses. During the audit, [REDACTED] advised that the membership approves unusual expenses, and the executive board approves monthly expenses or other expenses between membership meetings. However, the minutes of the membership and executive board meetings during the audit year do not contain any reference to those issues, and minutes were not always taken when the executive board met. Minutes of all membership or executive board meetings must be recorded and retained, and they must report on any disbursement authorizations made at those meetings.

7. Lack of Salary Authorization

Local 81359 did not maintain records to verify that the salaries reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2, specifically small annual officer stipends, was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 81359 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 81359 for the fiscal year ended September 30, 2021, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 of the LM-2 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away union logo items such as T-shirts, pens, and calendars totaling more than \$13,000 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers and Employees

Local 81359 did not include some reimbursements to officers including phone expenses, mileage, and officer meals totaling at least \$10,600, in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local may have erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Local 81359's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. In this case, the figure reported in Item 25 did not include at least \$12,813 held in two special fund bank accounts.

4. Failure to Report a Wholly-Owned Subsidiary Organization

Local 81359 did not report its subsidiary building corporation in Item 11(b), as required in the LM-2 instructions. When Item 11(b) is answered “yes,” additional information indicating the name, address, and purpose of the subsidiary, as well as whether information on the subsidiary’s financial condition and operations is consolidated in the LM-2 or separately filed with the LM-2 is required. Please see Section X of the LM-2 instructions.

Local 81359 must file an amended Form LM-2 for the fiscal year ended September 30, 2022, to correct the deficient items discussed above, as these deficiencies were also identified on the fiscal year 2022 report. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 must be filed no later than May 15, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issue

The audit revealed that Local 81359 does not maintain a fixed asset inventory of furniture and equipment. A fixed asset inventory should be maintained to identify each asset and the value of each asset, and to document the purchase, sale or distribution of each asset. OLMS recommends that unions establish and maintain a fixed asset inventory to adequately account for all property.

I want to extend my personal appreciation to CWA Local 81359 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: Mr. Joseph Hines, Secretary-Treasurer