



December 9, 2011

Mr. Joseph Pace, Treasurer  
CWA, Local 81347



Case Number: [REDACTED]  
LM Number: 056472

Dear Mr. Pace:

This office has recently completed an audit of CWA, Local 81347 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, President Arnold Siwa, and International Representative Michael Rusiniak on July 26, 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 81347's 2009 and 2010 records revealed the following recordkeeping violations:

#### 1. General Reimbursed Expenses

Local 81347 did not retain any documentation for reimbursed expenses incurred by all the officers.

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.

Local 81347 advised OLMS that they will be using vouchers for every disbursement by the union to support such disbursement that will be signed by two main officers of the local.

2. Lost Wages

Local 81347 did not retain adequate documentation for lost wage reimbursement payments to officers Dan Orlokowski and Doug Siwa totaling at least \$334. The union must maintain records 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 OLMS audit found that Local 81347 did not retain any documentation that would support the officers lost time

A compliance tip sheet, *Union Lost Time Payments*, which contains a sample of an expense voucher Local 81347 may be used to satisfy this requirement, can be found on OLMS' website. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Meeting Minutes Not Retained

Meeting minutes for Local 81347 were not retained on a regular basis to adequately reflect union business. Minutes of all membership and executive board meetings must report any disbursement authorizations made at those meetings.

Local 81347 agreed to start maintaining meeting minutes on a regular basis.

4. Failure to Record Receipts

Local 81347 did not record in its receipts records from your employer dues checkoff. 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.

Local 81347 agreed to record the date, amount and source of all receipts when received.

5. Receipts Not Deposited

Local 81347 failed to deposit receipts into the union accounts when received. Checks totaling \$18,976 that were received in 2009 and 2010 were not deposited by the treasurer into the union account until after the audit began in 2011. The union's employer had to reissue the checks to the union because of their failure to deposit them.

At the meeting held on July 26, 2011, we discussed having all dues check electronically deposited into the union's bank account. It is OLMS' understanding that you have since taken such steps to do so.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 81347's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

#### Reporting Violation

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-4 filed by Local 81347 for the fiscal year ended January 31, 2009, was deficient in the following areas:

##### Failure to Properly Report On Annual LM Report

Local 81347 failed to properly record their ending assets in Item 14, receipts in Item 16 and disbursements in Item 17 on their annual LM-4 annual report.

I am not requiring that Local 81347 file an amended LM report for 2009 to correct the deficient items, but Local 81347 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Issue

##### Late Filing of Annual LM Report

Since at least 2002, Local 81347 has been late in filing their annual LM Report. Additionally, Local 81347 has not filed their LM report for fiscal years 2010 and 2011. The LMRDA requires all labor organization to file their annual LM Report within 90 days of the end of their fiscal year.

Local 81347 must file their LM-4 annual report for fiscal years ending January 31, 2010 and January 31, 2011 with this office no later than December 29, 2011.

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: Mr. Michael Rusiniak, International Representative  
Mr. Arnold Siwa, President