



April 23, 2013

Mr. Keith Truehart, Business Manager  
Communications Workers, AFL-CIO, Local 81154  
52 Main Street  
Gardner, MA 01440

Case Number: 110-17628  
LM Number: 003605

Dear Mr. Truehart:

This office has recently completed an audit of Communications Workers, AFL-CIO, Local 81154 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 President Robert Ward, Business Manager Keith Truehart and Treasurer Richard Lavigne on April 17, 2013, 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 81154's 2011 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 81154's receipts journal 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-3. The LM-3 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. For example, Local 81154 collected rents from tenants of the UFWA Building Association, Inc., but did not record the dates from which these rents were collected.

2. Lack of Salary Authorization

Local 81154 did not maintain records to verify that the salary reported in Item 24 of the LM-3 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. During the Opening Interview Questionnaire, Keith Truehart informed OLMS that he was authorized a salary of \$32,000, though no authorizing documentation was provided.

Based on your assurance that Local 81154 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 (LM-3) filed by Local 81154 for the fiscal year ended September 30, 2011, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 81154 did not include some salary payments to Keith Truehart totaling at least \$2560.00 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Truehart received this additional income for work he performed in the preceding fiscal year, but received paychecks for this work within the audit year.

The union must report most direct disbursements to Local 81154 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. Subsidiary Organization

During the Opening Interview Questionnaire, it was disclosed that Local 81154 has a wholly owned subsidiary organization called the UFWA Building Association, Inc. Truehart told OLMS that all assets of the UFWA Building Association, Inc. are property of the local and all decisions regarding the operations of the UFWA Building Association, Inc. are made by the local's officers. However in the LM Report, item number 10 is checked no.

In consideration that the UFWA Building Association, Inc. is a wholly owned subsidiary, all assets, receipts and disbursements for the UFWA Building Association, Inc. must be included in the LM report with the local's finances. The local will need to file an amended LM-3 Report and include the UFWA Building Association, Inc. in its recordkeeping from here on out.

## 3. Loans

A review of the union's records and LM Report disclosed that the union has reported a loan from the union to the UFWA Building Association, Inc., however in light of the fact that the UFWA Building Association, Inc. is a subsidiary of the local, it is not required that the local report this funds transfer.

Local 81154 must file an amended Form LM-3 for fiscal years ended September 30, 2011 and September 30, 2012, to correct the deficient items discussed above. The amended Form LM-3 should be submitted to this office no later than May 13, 2013. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

### Other Issues

#### 1. Use of Signature Stamp

During the audit, Keith Truehart advised that it is Local 81154's practice for him to stamp the signature of [REDACTED] and [REDACTED], former officers of the local, on disbursement checks. Truehart indicated that no one but himself reviews the checks before they are issued. Additionally, signatories for several of the union's accounts are no longer union officers. OLMS discourages the use of signature stamps and recommends that Local 81154 remove former officers as signatories on the appropriate union accounts.

2. Duplicate Receipts

Truehart receives rent checks from the tenants of the UFWA Building Association, Inc., but he does not issue receipts to the tenants. Though it appears that all rents are being paid by check, OLMS recommends that Local 81154 use a duplicate receipt system where the union issues original pre-numbered receipts to all tenants who make payments to the UFWA Building Association, Inc. and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable.

3. Bylaws

In the Opening Interview Questionnaire, Truehart disclosed that the international provides Local 81154 with a constitution and bylaws, but that the local's own constitution and bylaws are obsolete, outdated, and are in the name of the United Furniture Workers of America. Local 81154 will need to file an updated constitution and bylaws with OLMS.

Based on your assurance that Local 81154 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to CWA Local 81154 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,

A large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Robert Ward, President  
Mr. Richard Lavigne, Treasurer