



November 13, 2018

Mr. David Skotarczyk, President  
Communications Workers, AFL-CIO, Local 4050  
220 Bagley Street, Suite 832  
Detroit, MI 48226

Case Number: 320-6014553  
LM Number: 040061

Dear Mr. Skotarczyk:

This office has recently completed an audit of Communications Workers Local 4050 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 and Secretary-Treasurer Gerald Sokoloski on November 7, 2018, 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.

#### 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 Communications Workers Local 4050 for the fiscal year ended September 30, 2017, was deficient in the following areas:

##### 1. Disbursements to Officers

Local 4050 did not include some disbursements to President David Skotarczyk, Vice President Troy Smith, and Secretary-Treasurer Gerald Sokoloski totaling at least \$7,119.79 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

In addition, Local 4050 did not report payments to Vice President-National Contracts Mike Klein, Vice President-At Large Mike McLeod, and Vice President-At Large Ali Roby totaling at least \$19,217.36 in Item 24. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. It appears the union erroneously reported these payments in Item 46 (to Employees) and Item 48.

The union must report most direct disbursements to Local 4050 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. 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 4050 amended its constitution and bylaws in 2017, but did not file a copy with its LM report for that year.

Local 4050 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 4050 file an amended LM report for 2017 to correct the deficient items, but Local 4050 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Communications Workers Local 4050 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: Mr. Gerald Sokoloski, Secretary-Treasurer  
Mr. Troy Smith, Vice President  
Mr. Mike Klein-Vice President-National Contracts  
Mr. Mike McLeod-Vice President-At Large  
Mr. Ali Roby-Vice President-At Large