



October 3, 2019

Mr. Rudy Rodriguez, Business Agent/President
Communications Workers AFL-CIO, Local 86780
117218 Cibolo Bend
Marion, TX 78124

Case Number: 420-6017087 [REDACTED]
LM Number: 014660

Dear Mr. Rodriguez:

This office has recently completed an audit of Communications Workers AFL-CIO, Local 86780 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 Treasurer William Benavides on October 2, 2019, 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 86780's 2018 records revealed the following recordkeeping violations:

1. General Disbursements and Reimbursed Expenses

Local 86780 did not retain adequate documentation for general disbursements totaling at least \$847.70 and reimbursed expenses incurred by you totaling at least \$653.71. For example, on June 29, 2018, a payment of \$450 was made to CWA Human Rights Conference with no supporting receipt or invoice. As another example, no receipts were

maintained to support January 31, 2018 reimbursements to you for Able's Dinner and Office Max.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Also, the union records retained for meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred meal expenses. 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. Insufficient Receipts Records

Local 86780 failed to record and maintain receipts records to support dues remittance payments from the CWA totaling at least \$11,856.57. Union receipts records must be maintained and should 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.

3. Lack of Authorization in Meeting Minutes

During the audit, you advised OLMS that the membership authorized your weekly salary payments of \$200 during a membership meeting. Local 86780 maintained no meeting minutes for the audit period. The local bylaws are silent regarding salary compensation; however, Article VII, Section 1 of the local bylaws states that the affairs of the local shall be governed by the membership through action taken in membership and executive board meetings or by the officers between meetings. 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 86780 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 86780 for the fiscal year ended September 30, 2018, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 86780 did not include two salary payments you received totaling \$400 in the amount reported Item 24, Column D (Gross Salary). It appears the union erroneously reported these payments in Column E (Allowances and Other Disbursements).

The union must report the gross salary of each officer before tax withholdings and other deductions in Item 24, Column D. This amount includes disbursements for lost time or

time devoted to union activities. Most direct disbursements to Local 86780 officers and some indirect disbursements made on behalf of its officers should be reported in Item 24, Column E. 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. Other Receipts Reported as Dues Income

Local 86780 failed to report rental receipts and payment refunds totaling \$7,171.16 in Item 43 (Other Receipts). It appears the local improperly reported this income in Item 38 (Dues). The LM-3 instructions require all receipts of your organization other than those reported in Items 38 through 42, including proceeds from the sale of supplies, loans obtained, repayment of loans made, rents, and funds collected for transmittal to third parties to be reported in Item 43 (Other Receipts).

3. Fixed Assets

The audit disclosed that Local 86780 failed to report the value of its land and building in Item 29 (Fixed Assets). The LM-3 instructions require that labor organizations enter the book value at the start and end of the reporting period for all fixed assets, such as land, buildings, automobiles, and office furniture and equipment owned by the union.

I am not requiring that Local 86780 file an amended LM report for 2018 to correct the deficient items, but Local 86780 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 AFL-CIO, Local 86780 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. William Benavides, Treasurer