

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Chicago District Office
230 South Dearborn Street
Room 774, Federal Office Building
Chicago, IL 60604
(312)596-7160 Fax: (312)596-7174



June 14, 2007

Mr. Gerald Minkinen, Executive Director
Communication Workers of America
Local 34071
36 S. Wabash Ave., Suite 1400
Chicago, IL 60603

LM File Number 033-692

Case Number: [REDACTED]

Dear Mr. Minkinen:

This office has recently completed an audit of CWA Local 34071 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 Jim Ritter, Ed Dunphy, and you on April 12, 2007, 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 34071's 2006 records revealed the following recordkeeping violations.

Expense Supporting Documentation

Local 34071 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$2000. For example, your union was missing receipts for a \$988.52 charge at the Las Vegas Hilton on 7/12/06, a \$115 charge for United Airlines on 7/11/06, a \$455.74 charge at the New Orleans Hilton Hotel on 5/4/06, and an \$82.73 charge at FTD Ashland on 7/17/06.

Based on your assurance that Local 34071 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 34071 for fiscal year ending September 30, 2006, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 34071 did not include credit card charges in Schedule 11 (Disbursements to Officers) and Schedule 12 (Disbursements to Employees) for meals to officers and employees totaling at least \$3000. The local erroneously reported these charges 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 incurred while conducting union business. In addition,

the union must report in Column F of Schedules 11 and 12 "indirect" disbursements to officers and employees made to another party (such as a credit card company). However, the union can report in Schedules 15 through 19 indirect disbursements for business expenses that union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging while traveling on union business. Please read the instructions for Schedules 11 and 12 for a discussion of these items.

2. Names of officers on Schedule 11

Local 34071 did not report the names of some of its officers in Schedule 11 (All Officers and Disbursements to Officers). The union must report in Schedule 11 all persons who held office during the year which include all Executive Board members, regardless of whether they received any payments from the union.

3. Reporting of Assessment Fees

Local 34071 erroneously reported \$15,000 in receipts on line item 36 (Dues) from a defense fund assessment. All assessment fees should be correctly reported on line item 38 (Assessments).

4. 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 34071 amended its constitution and bylaws in July 1991, but did not file a copy with its LM report for that year. Local 34071 has now filed a copy of its constitution and bylaws with our agency.

OLMS is not requiring that Local 34071 file an amended LM report for 2006 to correct the deficient items, but Local 34071 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Bylaw Practices

As discussed with you during the exit interview on April 12, 2007, the audit revealed that some of the procedures stipulated in the bylaws are not followed in practice by the union. For example, Article XIII, Section 4 states that the treasurer must sign all checks; however, the treasurer does not currently sign all checks. Article III, Section 4 states that a quorum at the Executive Board meeting is a minimum of eight members; however, the Executive Board has failed to achieve a quorum except for one meeting during fiscal year 2006. Article XI, Section 5 stipulates that a separate defense fund shall be established and maintained by the local. The audit disclosed that there has been no transfer of funds to or from the defense fund investment account over the past few years even though money is collected from the membership every month and funds are expended in defense of the members.


OLMS recommends that the local reviews its bylaws to ensure that it conforms to the current practices of the union.

2. Units of the Local

OLMS learned during the audit that the units of the local have a certain level of autonomy. This agency will continue to review the matter to determine if these units meet the definition of a labor organization under the LMRDA.

I want to extend my personal appreciation to CWA Local 34071 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: Jim Ritter, Secretary-Treasurer
Michael Ulreich, President