



August 10, 2020

Mike Nord, Secretary-Treasurer
Communications Workers Local 7804
3049 South 36th Street, Room 221
Tacoma, WA 98409

Case Number: 530-6017852
LM Number: 024554

Dear Mike Nord:

This office has recently completed an audit of Communications Workers Local 7804 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, Local 7804 President Jacob Williams, and CPA Jennifer Unrau on July 29, 2020, 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 7804's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 7804 did not retain adequate documentation for reimbursed expenses incurred by union officers during a 5 month sample period totaling at least \$1,612.88. For example, Local 7804 was missing at least two receipts for purchases totaling at least \$480.60. In addition,

Local 7804 did not retain itemized receipts for at least \$532.28 of food purchased for meetings and at least \$600 in disbursements lacked proper authorization.

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.

2. Lost Wages

Local 7804 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$2,867.37 during a 5 month sample period. 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 7804 retained vouchers for each lost wage claim. However, in at least 8 instances the vouchers did not specify the union business conducted and in at least 10 instances the vouchers did not identify the applicable rate of pay.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, which contained a sample of an expense voucher Local 7804 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 7804 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 Form LM-3 filed by Local 7804 for the fiscal year ended September 30, 2019 was deficient in the following area:

Disbursements to Officers (LM-3)

Local 7804 did not include some reimbursements to officers totaling at least \$10,289 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Items 48 (Office and Administrative Expense) and 54 (Other Disbursements).

The union must report most direct disbursements to Local 7804 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).

Local 7804 must file an amended Form LM-3 for the fiscal year ended September 30, 2019 to correct the deficient item discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than September 11, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Communications Workers Local 7804 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: Jacob Williams, President