



February 4, 2021

Mr. Ryan Letts, President
Communication Workers, AFL-CIO
Local 4034

Case Number: 320-6020261 [REDACTED]
LM Number: 045502

Dear Mr. Letts:

This office has recently completed an audit of Communication Workers Local 4034 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 Ralph Prince on January 28, 2021, 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 4034's 2020 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 4034's general ledger 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-2. The LM-2 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.

2. Lack of Salary Authorization

Local 4034 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. During the opening interview, you and Mr. Prince stated that the president and secretary-treasurer's monthly salaries are \$450 and \$350, respectively. You and Mr. Prince explained that those salary payments have been a long-standing past-practice of the local. However, the audit found no authorization for union officer salaries in Local 4034's meeting minutes or any other union record. 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 4034 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 4034 for the fiscal year ended September 30, 2020, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 4034 did not report its 16 lead stewards and the total amount of payments made to them or on their behalf in Schedule 11. The union must report in Schedule 11 all persons who held office during the year, regardless of whether they received any payments from the union.

In addition, Local 4034 over-reported reimbursed expenses to you and under-reported reimbursed expenses to Mr. Prince in Column F (Disbursements for Official Business). For example, the audit found that you received \$2,654 in reimbursed expenses from Local 4034; however, Local 4034 reported payments totaling \$3,230 in Column F. Finally, Local 4034 failed to report the \$60 per month driving allowances paid to officers in Schedule 11 Column E (Allowances Disbursed). Those payments were mistakenly reported in Column F (Disbursements for Official Business).

The union must report in Column E the total allowances made by direct and indirect disbursements to each officer on a daily, weekly, monthly, or other periodic basis. In Column F of Schedules 11 and 12 the union must report direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

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 4034 did not file a copy of its bylaws dated June 16, 1999.

Local 4034 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Communication Workers Local 4034 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. Ralph Prince, Secretary Treasurer