

U.S. Department of Labor

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July 11, 2008

Mr. Douglas Brown, President
Communication Workers of America, AFI-CIO
Local 1060
595 Somerset Street
North Plainfield, NJ 07060

LM File Number 002-676
Case Number: [REDACTED]

Dear Mr. Brown:

This office has recently completed an audit of CWA Local 1060 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 the union's Accountant David Maldowney on June 12, 2008, 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 1060's 2006 records revealed the following recordkeeping violations:

1. Failure to Record Bank Transactions

Local 1060 did not enter in its books, the defense fund savings account's bank interest received (\$8.09) and disbursements (\$428.30) for union business in the general ledger during the audit period. Union records must include an adequate identification of all money the union receives and disburses. The records should show the date and amount received and the source of the money, as well as the date, amount, check number, and purpose of disbursement.

Based on your assurance that Local 1060 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 CAP Council for fiscal year ending September 20, 2006, was deficient in the following areas:

1. Dues Rates and Fees (Form LM-3 Item 23 (a))

CWA Local 1060 failed to include the minimum and maximum amount of dues collected from members as required by Title II of the LMRDA.

2. Disbursements to Officers (Form LM-3 Items 24 and 45)

CWA Local 1060 did not enter all union officers including their gross salary, allowances and other disbursements in the LM-3 Form. Unions are required to enter all persons who held office during the reporting period even if they received no salary or other disbursements. The following names, positions and relative disbursements must be entered in Item 24: David Cannon, Chief Steward; Jeff

Avant, Chief Steward; Lawrence Kaspereen, Sergeant at Arms. The amount of disbursements to the above mentioned officers totaled at least \$1,850.

Additionally, the union failed to include in Item 24 (e) some reimbursements to listed officers, i.e., Brown, McEwan, Evans and Dziedzic totaling at least \$1100. It appears the union erroneously reported these payments in Item 54 Other Disbursements. Also, the union did not enter payroll deductions and withholdings in Item 24 and incorrectly reported the gross salary amounts in Item 45.

According to Title II of the LMRDA and Form LM-3 Instructions the union must report most direct disbursements to Local 1060 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).

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 A and Item 25 B are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. The audit disclosed that the union's cash amount at the start of reporting period was at least \$37,000 and at the end of reporting period was at least \$32,500.

4. Total Receipts (Form LM-3 Item. 44)

CWA Local 1060 inaccurately reported the total amount of receipts in Form LM-3 during the audit period ending 09/30/06. The organization's LM-3 report, Item 44 Total Receipts reflected \$45,625. However, the audit disclosed that total receipts were at least \$51,900.

5. Total Disbursements

CWA Local 1060 inaccurately reported the total amount of disbursements in Form

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LM-3 for fiscal year ending 09/30/06. The organization's LM-3 report, Item 55 Total Disbursements reflected \$63,192. However, the audit disclosed that the organization's total disbursements were approximately \$56,500. Therefore, the union must amend its LM-3 report to accurately reflect total disbursements in fiscal year ending 09/30/06.

CWA Local 1060 Council must file an amended Form LM-3 for fiscal year ending September 30, 2006 to correct the deficient items discussed above. I provided you with a blank forms and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). You were required to submit the amended Form LM-3 to this office at the above address by July 11, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to CWA Local 1060 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