

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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May 2,2008

Mr. Wayne Cahill, Administrative Officer
Communications Workers AFL-CIO LU 39117
888 Mililani Street, Suite 303
Honolulu, HI 96813

LM File Number: 038-990
Case Number: [REDACTED]

Dear Mr. Cahill:

This office has recently completed an audit of Communications Workers AFL-CIO Local 39117 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, Treasurer Ernest V. Murphy, III, and Office Staff Heather Ahue on March 31,2008, 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 Violation

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 39117's 2007 records revealed the following recordkeeping violation:

General Reimbursed and Credit Card Expenses

Local 39117 did not retain adequate documentation for credit card expenses incurred by Administrative Officer Wayne Cahill totaling at least \$3,370. For example, the itemized receipts provided by the airlines, office supply stores, restaurants, and parking vendors were not maintained for purchases incurred on union business.

As previously 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.

Based on your assurance that Local 39117 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 conditions and operations. The Labor Organization Annual Report Form LM-2 filed by Local 39117 for fiscal year ending September 30, 2007, was deficient in the following area:

Disbursements to Officers and Employees

Local 39117 did not include some payments to officers totaling at least \$28,000 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously failed to report the total amount of salary disbursements to the vice president in Schedule 11 because part of this officer's salary was reimbursed to the local by their International's Union Membership Relief Fund. The local erroneously reported in Schedule 11 only the part of the officer's salary that was not reimbursed by their International Union.

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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 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 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.

I am not requiring that Local 39117 file an amended LM report for 2007 to correct the deficient items, but Local 39117 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 39117 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: Mr. Ernest V. Murphy, III, Treasurer