

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New Haven Resident Investigative Office
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January 30, 2008

Mr. Robert Eubanks, President
Connecticut Independent Utility Workers
LU 12924
77 Huyshope Ave.
Hartford, CT 06123

Re: Case Number: [REDACTED]

Dear Mr. Eubanks:

This office has recently completed an audit of CIUW 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 Robert Eubanks and Martin Ritter on January 8, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 12924's 2006 records revealed the following recordkeeping violations:

1. Officer Salaries

Union officers are paid monthly salaries for the performance of their duties. These salaries are paid electronically through a debit of the union checking account and an electronic deposit allocated to each of the officer's personal bank accounts. During the year there was at least one occasion when a detailed record of the debit was not printed and maintained by the union. This record would have included the name, date, amount, and account number of each salary payment credited. This information should be recorded on at least one union record.

As agreed, provided that Local 12924 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations

The CAP 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 12924 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. LM-3 Item 24 (All Officers and Disbursements to Officers)

The names of some officers and the total amounts of payments to them or on their behalf were not reported in Item 24 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union. The names of the union trustees were not listed in Item 24.

The Local also failed to include some reimbursements to officers and employees in Item 24 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Item 54, other disbursements.

All direct disbursements to officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

2. LM -3 Item 46 (Payments to Employees)

During the year several payments were made to stewards, including Patrick Connors and Martha Snell, which were improperly included in Item 54, Other Disbursements. Lost time payments made to stewards for conducting union work should be reported in Item 46, to Employees.

3. LM -3 Item 43(Other Receipts) and Item 54(Other Disbursements)

Members of the local may voluntarily elect to participate in a disability insurance plan administered by local officers. Premiums collected via payroll deduction and are directly deposited into a bank account held in the union's name.

Payments are made from this account to the insurer at the direction of union officers. These funds should be included on the local LM-3 report in Item 43 – Other Receipts and Item 54 Other Disbursements. In addition, an entry should be made in Item 56, Additional Information.

I am not requiring that the Local file an amended LM report for 2006 to correct the deficient items, but as agreed, the Local will properly report the deficient items on all future reports filed with this agency.

[Inadequate Bonding](#)

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 12924's officers and employees current bond carries a \$2,000 deductible, which is in effect a means of self insurance and not allowed under the LMRDA.

The Local should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than February 15, 2008.

I want to extend my personal appreciation to CIUW 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,



Supervisory Investigator

cc: Martin Ritter