

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Newark Resident Investigator Office  
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August 1, 2008

Ms. Hetty Rosenstein, President  
Communications Workers of America  
Local 1037  
3rd Floor  
30 Clinton Street  
Newark, New Jersey 07102

Re: Case Number: [REDACTED]

Dear Ms. Rosenstein:

This office has recently completed an audit of 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 on July 30, 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.

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-2 filed by Local 1037 for fiscal year ending September 30, 2007 was deficient in the following area:

**Liabilities**

Item 33(B) was understated by the omission of two material transactions.

1. A severance agreement in the amount of \$100,000 was negotiated with a departed employee. Of that amount, \$25,000 was paid during the year, with the remaining \$75,000 to be paid thereafter. That future liability needs to be included on the LM-2.

2. A defined benefit pension plan was created during the audit year with an initial investment of \$200,000. That payment was recorded on the LM-2. The actuarial valuation for the end of that year shows a current liability of \$880,746 with the full funding accrued liability calculated to be \$1,536,940. Those figures are subject to future revision based upon changes in plan assumptions and performance of investments.

Local 1037 must file an amended Form LM-2 for fiscal year ended September 30, 2007, to correct the deficient items discussed above. Filing software is available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-2 should be submitted to this office at the above address as soon as possible, but not later than August 29, 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 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,



Senior Investigator

cc: Wilfredo Fernandez, CPA