

U.S. Department of Labor

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January 12, 2010

George Sonnenfroh, Treasurer
Communication Workers, AFL-CIO
Local Union 81101
P.O. Box 9241
Schenectady, NY 12309

LM File Number: 003-142

Case Number: [REDACTED]

Dear Mr. Sonnenfroh:

This office has recently completed an audit of Communication Workers Local 81101 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 President John Burke and you on January 5, 2010, 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 Communication Workers Local 81101 records for fiscal year ending September 30, 2009 revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 81101 did not retain adequate documentation for reimbursed expenses incurred by Business Agent William Weaver totaling at least \$1,623 paid to Weaver's Union Plus Credit Card. For example, Weaver's credit card statement was retained for expenses totaling \$761.59 which were paid directly to the MasterCard Company. Local Union 81101 did not retain original bills and invoices to support the purchases.

In addition, the union did not retain adequate documentation for reimbursed expenses incurred by Weaver for union travel totaling at least \$1,843. For example, the union did not maintain sufficient documentation for charges at the Howard Johnson in Deerfield Beach, Florida. All reimbursed expenses were not supported with a bill or voucher explaining the amount.

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.

2. Meal Expenses

Local 81101 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$211. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Union records of meal expenses must include not only the itemized receipt but also written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges.

3. Lost Wages

Local Union 81101 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees on a few occasions. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted.

The OLMS audit found that although Local 81101 retained individual lost time vouchers and weekly employer reports summarizing the total number of hours and the gross amount, for some lost wage reimbursements, the union did not identify the union business conducted. Instead, the union recorded "union business" as a reason for the loss. Overly general descriptions such as this are not adequate.

Based on your assurance that the union 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-3) filed by Communication Workers Local 81101 for fiscal year ending September 30, 2008 was deficient in the following areas:

1. Disbursements to Officers

Local 81101 did not include some reimbursements to officers totaling at least \$6,338 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 81101 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).

2. Disbursements to Employees

CWA Local 81101 did not include some payments to employees in Item 46 (Disbursements to Employees) totaling at least \$950. The union must report most direct and indirect disbursements to Local 81101 employees in Item 46, less deductions. This includes disbursements to individuals other than officers who receive lost time or other payments for work performed or expenses incurred. It appears the union reported these payments again in Item 48 (Officer and Administrative Expenses) or Item 54 (Other Disbursements).

3. Subsidiary Organization

The union answered "yes" to Item 10 on the LM-3 Form. Local 81101 reported to have a subsidiary organization, the IUE-CWA Retirees Activities Fund, used for the purpose of providing retirees with a plaque and appreciation party. This fund is not a "subsidiary organization" as defined in Section X of the LM-3 instructions. Rather this is simply a separate fund used for retirees' activities funded through the membership. The union should continue to report these finances on the LM-3 report as done in previous years.

I am not requiring that Local 81101 file an amended LM-3 report for 2008 to correct the deficient items, but Local 81101 has agreed to properly report the deficient items on the LM-3 report for fiscal year ending September 30, 2009 and all future reports it files with OLMS.

I want to extend my personal appreciation to CWA Local 81101 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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,

[REDACTED]

Investigator

cc: John Burke, President

[REDACTED]