

U.S. Department of Labor

Office of Labor-Management Standards
Chicago District Office
Federal Office Building
230 South Dearborn Street, Suite 774
Chicago, IL 60604
(312) 596-7160 Fax: (312) 596-7174



July 10, 2012

Mr. Harry Stevenson, Treasurer
Communications Workers of America
Local 4260
P.O. Box 309
Warrenville, IL 60555-0309

Case Number: [REDACTED]
LM Number: 065300

Dear Mr. Stevenson:

This office has recently completed an audit of Communications Workers of America Local 4260 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 Melissa Brown on July 6, 2012, 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 4260 records revealed the following recordkeeping violations:

1. Membership Approval of Expenses

During the audit, President Melissa Brown advised that the membership authorized disbursements during membership meetings. The membership meeting minutes failed to reflect membership approval of the annual budget or specific disbursements of union funds.

2. Disbursement Records

The union records failed to maintain disbursement records regarding gratuity involved with meals at the membership meetings and disbursements involved with the union picnic.

Based upon your assurances that Local 4260 will retain adequate documentation in the future to verify membership approval of expenses and records for those expenses, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed the following violations of LMRDA Section 201, which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations:

1. Fidelity Bond

The LM-3 Instructions, Item 20 requires a union to enter the maximum amount recoverable for a loss caused by any officer, employee, or agent of you organization who handled organizations funds. Local 4260 reported bond coverage over the amount noted on its bond certificate.

The local is required to report bond coverage on the union's amended LM-3 report as reflected in its bond certificate.

2. Dues Receipts

The LM-3 Instructions, Item 38 advises that if an intermediate or parent body receives dues check off directly from an employer on behalf of the organization, the local is to not report in Item 38 the portion retained by the parent body for per capita tax.

The Communications Workers of America (CWA) receives dues directly from the employer on behalf of Local 4260. CWA retains per capita tax and forwards the dues receipts to the local. The local erroneously reported in Item 38 the dues receipts sent to the CWA.

The local is required to report only its portion of dues received from the parent body in Item 38 on the amended LM-3 report.

3. CWA Withheld Dues

LM-3 Instructions, Item 38 requires that any amount retained by the parent body other than per capita tax or special assessment must be explained in Item 56. The amount should not be reported as a receipt or a disbursement on the union's LM-3 report.

During the audit period, the CWA reimbursed a Local 4260 member for dues erroneously deducted for several years. As a result of this reimbursement, the parent body withheld the

union's dues receipts for the month of November 2010 and a portion of dues receipts for the month of December 2010.

The local is required to report CWA withholding the union's dues receipts in Item 56 in the amended LM-3 report.

4. Per Capita Disbursements

The LM-3 Instructions, Item 47 requires the organization to report the total amount of per capita tax paid as a condition or requirement of affiliation with your parent national or international union, state, and local central bodies, a conference, joint or system board, joint council, federation or other labor organization.

The union erroneously reported per capita tax withheld by the parent body. The local is required to report only per capita paid out of local funds for affiliations to organizations on the union's amended LM-3 report.

Local 4260 must file an amended Form LM-3 for the fiscal year ending September 30, 2011, to correct the deficient items noted above. Instructions to complete, sign, and file the report are available at the OLMS website at www.dol.gov/olms. The amended Form LM-3 should be submitted to this office at the above address by no later than August 24, 2012. Review the report thoroughly before filing to ensure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to Communications Workers of America Local 4260 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: Ms. Melissa Brown