



September 20, 2013

Richard Moe, President  
Communication Workers Local Union 9416  
911 20th Street  
Bakersfield, CA 93301-2910

Case Number: 520-13446  
LM Number: 040037

Dear Mr. Moe:

This office has recently completed an audit of Communication Workers Local Union 9416 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 and Secretary-Treasurer Christopher Golden on June 25, 2013, 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.

#### Record Keeping 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 recipients) 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 9416's 2012 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 9416 did not retain adequate documentation for credit card expenses incurred by union officers totaling at least \$4,928.37. For example, there were five airline tickets that

were purchased for union officers using the union's credit card totaling \$2,064.40, which failed to have any supporting documentation to accompany the credit card statement.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and secretary-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. Disposition of Property

Local 9416 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

## 3. Lost Wages

Local 9416 did not retain adequate documentation for lost wage reimbursement payments to union officers on at least 43 instances. The union must maintain records in support of lost wage claims to identify each date lost wages 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 Local 9416 officers did not identify on the vouchers the number of hours lost on each date lost wages were incurred.

During the exit interview, I provided a compliance tip sheet, Union Lost Time Payments, that contained a sample of an expense voucher Local 9416 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

### 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 Local 9416 for the fiscal year ended September 31, 2012 was deficient in that:

#### Disbursements to Officers

Local 9416 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held officer during the year, regardless of

whether they received any payments from the union.

The union must report most direct disbursements to Local 9416 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 public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that Local 9416 file an amended LM report for 2012 to correct the deficient items, but Local 9416 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to CWA Local Union 9416 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