



December 3, 2014

Mr. Jay Lauder, Secretary/Treasurer
Communications Workers, AFL-CIO
Local 51025
3140 East River Road
Henrietta, NY 14623

Case Number: 110-6000585 [REDACTED]
LM Number: 036986

Dear Mr. Lauder:

This office has recently completed an audit of Communications Workers, AFL-CIO 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 November 6, 2014, 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 Violation

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 51025's 2013/2014 records revealed the following recordkeeping violation:

General Reimbursed and Credit Card Expenses

Local 51025 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$900. For example, a check for \$661.60 made payable to Capital One for expenses incurred by the local president did not have sufficient documentation. The union retained a photocopied credit card statement for the disbursements. No receipts were retained.

As noted above, 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.

Based on your assurance that Local 51025 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 Local 51025 for the fiscal year ended September 30, 2013 was deficient in the following areas:

1. Disbursements to Officers

Local 51025 did not include some reimbursements to officers totaling at least \$2,500 in the amounts reported Item 24 (All Officers and Disbursements to Officers), Column E. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

Also, amounts reported in Column D of Item 24 were net disbursements to officers. The union must report *gross* salary of each officer (before tax withholdings and other payroll deductions), and include disbursements for "lost time" or time devoted to union activities. On Line 10, the total amount of withheld taxes, payroll deductions, and other deductions should be reported.

The union must report *most* direct disbursements to Local 51025 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 51025 did not include some payments to employees totaling at least \$900 in the amounts reported in Item 46 (Disbursements to Employees). These payments were reimbursements for travel and/or per diem provided to such individuals who are not officers of the local union. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

In Item 46, enter the total of all salaries, travel advances, reimbursements, which are not considered loans, and other direct and indirect disbursements (less deductions) to employees of the organization. Include disbursements to individuals other than officers even if your organization does not consider them to be employees.

I am not requiring that Local 51025 file an amended LM report for September 30, 2013 to correct the deficient items, but Local 51025 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

The audit disclosed the following other violation(s):

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 those individuals or their predecessors handled during the preceding fiscal year.

Local 51025's officers and employees are currently bonded for \$20,000, but they must be bonded for at least \$23,400. Local 51025 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than January 2, 2015.

I want to extend my personal appreciation to CWA Local 51025 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. Roy Schrodt, President