



August 9, 2019

Mr. Thomas Grenfell, President  
Communications Workers AFL-CIO, Local 14503  
11420 E Nine Mile Road  
Warren, MI 48089-2583

Case Number: 320-6015411 [REDACTED]  
LM Number: 030810

Dear Mr. Grenfell:

This office has recently completed an audit of Communications Workers AFL-CIO, Local 14503 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 Vice President Stephen Urbaniak on June 17, 2019, 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 14503's 2018 records revealed the following recordkeeping violations:

#### 1. General Expenses

Local 14503 did not retain adequate documentation for disbursements to several vendors totaling at least \$452.39 during the audit year. For example, adequate supporting

documentation was not retained for a \$108.48 disbursement to AT&T on October 1, 2017 and a \$125 disbursement to [REDACTED] on July 17, 2018. In support of these payments, Local 14503 only kept check stubs and cancelled checks, which is not sufficient.

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.

## 2. Credit Card Expenses

Local 14503 did not retain adequate documentation for credit card expenses incurred by you totaling at least \$467.63. For example, adequate supporting documentation was not retained for a \$40 gas expense you incurred at Marathon Gas in Farmington, MI on January 25, 2018, or a \$40.50 purchase you made at Walmart in Livonia, MI on June 29, 2018. In support of these expenses, Local 14503 retained only the credit card statement, which is not sufficient.

In addition, Local 14503's records of meal expenses did not always include itemized receipts. For example, an itemized receipt was not retained for a \$17.16 lunch expense that you incurred at Cracker Barrel in Roseville, MI on February 2, 2018. In support of this expense, Local 14503 retained only the credit card statement, which is not sufficient.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. Itemized receipts provided by restaurants to officers and employees must be retained. 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. Records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses. 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.

## 3. Reimbursed Auto Expenses

You received reimbursement for business use of your personal vehicle, but did not retain adequate documentation to support payments to you totaling at least \$578.61 during the audit period. You did not maintain any records that identify the dates of travel, the number of miles driven each day, the locations traveled to and from, and the union business conducted.

Local 14503 must maintain records, which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of

each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Local 14503 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 14503 for the fiscal year ended September 30, 2018, was deficient in the following areas:

#### 1. Disbursements to Officers

Local 14503 did not include some disbursements to officers totaling at least \$855.80 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). For example, Local 14503's disbursements records indicate that Secretary-Treasurer Dan Cruz received reimbursed expenses totaling \$855.80; however, the total reported in Column E (Allowances and Other Disbursements) of Item 24 for Mr. Cruz was \$0. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

In addition, Local 14503 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24. For example, Local 14503 did not report Executive Committee Members [REDACTED] and [REDACTED] who received \$700.20 and \$198.75, respectively. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. It appears that the union erroneously reported these payments in Item 48.

Most direct disbursements to Local 14503 officers and some indirect disbursements made on behalf of its officers must be reported 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.

#### 2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes

changes to its constitution or bylaws. Local 14503 amended its constitution and bylaws in 2016, but did not file a copy with its LM report for that year.

Local 14503 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 14503 file an amended LM report for 2018 to correct the deficient items, but Local 14503 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Communications Workers Local 14503 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 large black rectangular redaction box covering the signature of the investigator.A smaller black rectangular redaction box covering the name of the investigator.

Investigator

cc: Mr. Stephen Urbaniak, Vice President  
Mr. Dan Cruz, Secretary-Treasurer