



September 30, 2019

Mr. Robert Haynes, President  
Communication Workers, AFL CIO, Local 4640  
2223 Birch Street  
Eau Claire, WI 54703-3400

Case Number: 320-6015766 [REDACTED]  
LM Number: 010908

Dear Mr. Haynes:

This office has recently completed an audit of Communication Workers, AFL CIO Local 4640 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 Treasurer Joe Perkovich on September 19, 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 4640's 2018 records revealed the following recordkeeping violations:

#### 1. Salary Authorization

Local 4640 did not maintain records to verify that the salaries and allowances reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. During the organizational interview, you explained that the salary and allowance amounts were likely authorized by the membership

more than ten years ago, but you were unable to provide the documentation that contained this authorization. The union must keep a record, such as meeting minutes, to show the current salaries authorized by the entity or individual in the union with the authority to establish salaries.

## 2. Credit Card Expenses

Local 4640 disbursed more than \$1,000 to their U.S Bank MasterCard during the audit year. However, Local 4640 did not retain adequate documentation for more than \$800 of those credit card expenses. For example, you charged a \$53.57 purchase at Kwik Trip to the union's credit card on June 12, 2018, but failed to retain a receipt or any other supporting documentation for that expense other than the monthly credit card statement.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. In the case of credit card expenses, Local 4640 must retain both the credit card statement and the corresponding receipt for each expense incurred using the card. 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 4640 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 4640 for the fiscal year ended September 30, 2018, was deficient in the following areas:

#### 1. Disbursements to Officers

Local 4640 did not report the name of the Chief Steward [REDACTED] and the total amounts of payments to him/her or on their behalf in Item 24. 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.

In addition, Local 4640 over-reported salary and lost wage payments to you, Mr. Perkovich, Vice President Darrin Wohlk, former Vice President Scott Buckwheat, and former President Marsha Flater in the amounts reported in Column D (Gross Salary (including lost wages)) of Item 24. For example, you received gross salary and lost wage payments from Local 4640 totaling \$2,049 during the audit year; however, Local 4640 reported payments totaling \$2,219 in Column D.

The union must report most direct disbursements to Local 4640 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. 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 4640 amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year.

Local 4640 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 4640 file an amended LM report for 2018 to correct the deficient items, but Local 4640 has agreed to properly report the deficient items on all future reports it files with OLMS.

## Other Issue

### Expense and Credit Card Policy

During the audit year, the union also disbursed payments to U.S Bank for travel expenses (gas and lodging) and other types of expenses (meals, supplies). In addition, the audit revealed that you, the vice president, and the treasurer each received a monthly allowance in addition to the monthly salary; however, you were unsure what types of expenses the allowances were intended to cover. As I discussed during the exit interview with you, the audit revealed that Local 4640 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

To ensure proper internal financial controls over union disbursements, OLMS recommends that each union: (1) adopt a clear policy on reimbursed travel expenses; (2) establish what documentation is needed for an official or member to be reimbursed; and (3) establish a procedure that provides for approval of travel expense claims. With regard to credit cards, 1) adopt clear policies and procedures for credit card use and payment, (2) maintain detailed documentation to support each credit card charge and credit card payment, and (3) regularly

monitor compliance with the established credit card policies and procedures. These practices will allow the union to properly report lost time and expense payments on the Labor Organization Annual Report Form LM-3. During the exit interview, compliance tips regarding expense policies and credit card policies were provided.

I want to extend my personal appreciation to Communication Workers Local 4640 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 Senior Investigator.A black rectangular redaction box covering the name of the Senior Investigator.

Senior Investigator

cc: Mr. Joe Perkovich, Treasurer  
Mr. Darrin Wohlk, Vice President