

**U.S. Department of Labor**

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February 4, 2009

Ms. Sandra Carter, Secretary Treasurer  
Communications Workers, AFL-CIO  
Local Union 9417  
404 W. Harding Way  
Stockton, CA, 95204-5609

LM File Number: 044-594

Case Number: [REDACTED]

Dear Ms. Carter:

This office has recently completed an audit of Communications Workers, AFL-CIO, Local Union 9417 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 Robert Schwager on January 30, 2009, 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 9417's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 9417 did not retain adequate documentation for credit card expenses for travel and other expenses incurred by officers and employees totaling at least \$1,211.45.

As previously 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. Lack of Salary Authorization

Local 9417 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. 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.

Based on your assurance that Local 9417 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

### 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 9417 for fiscal year ending September 30, 2007, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figure reported in Item 55 is not the cash figure according to the union's books after reconciliation to the bank statements. The instructions for the LM-3 report state that the union should obtain account balances from its books as reconciled to the balances shown in bank statements.

2. Failure to File Constitution/By-Laws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and by-laws with its LM report when it makes changes to its constitution and by-laws. Local 9417 amended its constitution and by-laws in 2005, and did not file a copy with its LM report for that year.

Local 9417 has now filed a copy of its constitution and by-laws.

3. Failure to File

Local 9417 is currently delinquent in filing their Labor Organization Annual Report Form LM-3 for the fiscal year which ended September 30, 2008.

Local 9417 must file an amended Form LM-3 for fiscal year ending September 30, 2007, to correct the deficient items discussed above. Reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than February 27, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Local 9417 must file its LM-3 report for fiscal year ending September 30, 2008, as soon as possible, but not later than February 27, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and properly signed with original signatures.

I want to extend my personal appreciation to Communications Workers, AFL-CIO, Local Union 9417 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: Mr. Robert Schwager, President