

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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June 22, 2006

Mr. William Stafford, President  
Communications Workers AFL-CIO Local 14733  
412 S. Boundary Ave  
Duluth, MN 55810-2418

Re: Case Number [REDACTED]

Dear Mr. Stafford:

This office has recently completed an audit of Communications Workers Local 14733 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 Treasurer Keith Delfosse and member [REDACTED] on May 30, 2006, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in

those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 14733's 2005 records revealed union officers and employees failed to maintain adequate documentation for reimbursed expenses, for expenses charged to union credit cards, and for lodging expenses that were paid directly by the union totaling at least \$540. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

As agreed, provided that Local 14733 maintains adequate documentation for officer and employee expenses in the future, no additional enforcement action will be taken regarding this violation.

#### Reporting Violations

The CAP 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 Reports (Form LM-3) filed by Local 14733 for fiscal years ending September 30, 2003, 2004 and 2005 were deficient in the following areas:

1. Officers not listed

The names of some officers and the total amounts of payments to them or on their behalf were not reported in Item 24 (All Officers and Disbursements to Officers). For example, Recording Secretary Marty Lee-Berenger and Vice President Tom Olson held office during 2005 but are not identified in Item 24 of the 2005 report. All persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union.

2. Some payments to officers not properly reported

Local 14733 failed to include some reimbursements to officers and employees in Item 24 (All Officers and Disbursements to Officers). As an example, the audit revealed that payments to officers between 2003 and 2005 totaling at least \$2,262 for attending negotiation meetings were not included in the amounts paid to officers reported in item 24. Such payments appear to have been erroneously reported in Item 48 (Office and Administrative Expense).

All direct disbursements to Local 14733's 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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).

I am not requiring that Local 14733 file any amended LM-3 reports to correct the deficient items, but as agreed, Local 14733 will properly report the deficient items on all future reports filed with this agency.

Other Violations


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 handled by those individuals or their predecessors during the preceding fiscal year. The audit revealed that officers were not bonded for the minimum amount required. Adequate bonding coverage was obtained and documentation provided during the audit. No further enforcement action will be taken.

I want to extend my personal appreciation to Communications Workers Local 14733 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 are passed on to future officers.

Mr. William Stafford  
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If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

  
Investigator

cc: Treasurer Keith Delfosse  
LM# 030-776