

U.S. Department of Labor

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March 13, 2009

Mr. Robert Young, President
Communication Workers Local 4621
2828 Ballard Road, Room 210
Appleton, WI 54991-8703

LM File Number: 027-133
Case Number: [REDACTED]

Dear Mr. Young:

This office has recently completed an audit of Communication Workers Local 4621 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 Laurie Zeitlow on February 20, 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 4621's 2008 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 4621 did not retain adequate documentation for credit card expenses incurred by officers totaling at least \$2,604.97. For example, Local 4621 charged airline tickets to the union issued credit card, but the only supporting documentation retained was the credit card statement. Credit card statements alone are not sufficient to fulfill the recordkeeping requirement.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 4621 did not require officers and employees to submit some itemized receipts for meal expenses. Itemized receipts provided by restaurants to officers and employees must be maintained. 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.

Local 4621 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, officers failed to record the purpose of the meal or the names of those present for approximately \$1,019.96 in meal expenses. 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.

3. Lost Wages

Local 4621 did not retain adequate documentation for lost wage reimbursement payments to you totaling at least \$881.58. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The audit found that you failed to identify on the lost wage vouchers the union business conducted. For example, you submitted some claims that identified the reason for lost time as "local business." Such explanations are not sufficiently descriptive.

During the exit interview, I provided a sample of an expense voucher Local 02-169 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

4. Cell Phone Bills

During the audit year, you and Vice President Betty LaFontaine were reimbursed for personal cellular phone bills. However, you and Ms. LaFontaine failed to submit adequate documentation to Local 4621 for reimbursement of the personal cell phone bills, by submitting only photocopies of the personal bills or by submitting only the summary page of the bills.

If Local 4621 pays for any business calls made from an individual's personal cell phone, or pays the entire bill, either as a direct payment to the telephone company or as a reimbursement to the individual, Local 4621 must retain the original telephone bills. In addition, the documentation retained must clearly note the charges paid by Local 4621.

Based on your assurance that Local 4621 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 4621 for fiscal year ending September 30, 2008, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away t-shirts, gift cards, and lapel pins totaling more than \$3,500 during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees."

2. Disbursements to Officers

Local 4621 did not include some credit card expenses incurred by officers in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, some officers incurred at least \$150 in meal expenses on the union-issued credit cards. These payments are required to be included in the amounts reported in Item 24, Column E (Allowances and Other Disbursements) or the payments need to be allocated to those individuals present at the meal. It appears these payments were erroneously reported in Item 48 (Office & Administrative Expense) and/or Item 54 (Other Disbursements).

Most direct disbursements to Local 4621 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 (Office and Administrative Expense).

3. 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 4621 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year. Local 4621 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 4621 file an amended LM report for 2008 to correct the deficient items, but Local 4621 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

Duplicate Lost Time Payments

The audit revealed some possible discrepancies concerning lost time payments to you and former Treasurer Julie Lang. Review of Local 4621's records showed Ms. Lang had been reimbursed for November 16, 2007 twice. The records also showed you had been reimbursed for April 16, 2008 and April 17, 2008 twice.

On November 21, 2007, Ms. Lang was reimbursed for eight hours wages lost on November 16, 2007 by check number [REDACTED]. On December 4, 2007, Ms. Lang was reimbursed for the same lost wages date, by check number [REDACTED]. In total, Ms. Lang received \$117.12 in excess lost time payments. On April 19, 2008, you were reimbursed for lost wages for April 16, 2008 and April 17, 2008, by check number [REDACTED]. On May 5, 2008, you were reimbursed for the same lost wage dates check number [REDACTED]. In total, you received \$478.24 in excess lost time payments.

You, Treasurer Laurie Zeitlow, Vice President Betty LaFontaine, and Secretary Ben Simenson advised that these duplicate payments were made in error; Local 4621 has a strict lost time policy which is outlined in the Local's operating procedure and budget. Furthermore, Local 4621 requires all officers and employees to submit copies of their timesheets with any lost time claims. OLMS recommends that Local 4621 review its voucher and disbursement procedures to improve internal control of union funds. If any repayment is made to Local 4621, I would appreciate it if you would provide evidence of that payment to me.

Mr. Robert Young
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I want to extend my personal appreciation to Communication Workers Local 4621 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: Ms. Laurie Zeitlow, Treasurer
Ms. Betty LaFontaine, Vice President
Mr. Ben Simenson, Secretary