

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Buffalo District Office
130 South Elmwood Avenue
Room 510
Buffalo, NY 14202-2465
(716)842-2900 Fax: (716)842-2901



July 28, 2009

Mr. Michael Labulis, President
Communication Workers AFL-CIO
Local 81320
602 Old Liverpool Road
Liverpool, New York 13066

LM File Number: 028-828

Case Number: [REDACTED]

Dear Mr. Labulis:

This office has recently completed an audit of CWA Local 81-320 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, Vice President Bob Walter, Treasurer Mark McCann, Financial Secretary Brian Stevens, Trustee Dennis Benjack, Trustee Mike Rachetta, Bookkeeper Alice Stetes and accountant Mike Koagel on July 22, 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 81-320's 2008 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 81-320 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by President Mike Labulis totaling at least \$870. For example, no receipts for expenses incurred in July 2008 were attached to the statement or the credit card voucher. Purchases appeared to be for travel to a conference and flowers for a funeral arrangement.

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. Meal Expenses

Local 81-320320 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,612. The union must maintain itemized receipts provided by restaurants to officers and employees. 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 320 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, in November 2008, two restaurant charges were

made on the union credit card. In both cases a non-itemize receipt was retained but it did not specify the attendees or the purpose of the lunch.

Union 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 81-320 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$9,593. 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 Local 320 did maintain employer provided records that indicated the union time, but does not require vouchers for officers.

Local 320 already maintains vouchers for other disbursements. It is recommended that the union utilize these vouchers with the required above information.

Based on your assurance that Local 320 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 LM-3 filed by Local 81-320 for fiscal year ending September 30, 2008, was deficient in the following areas:

1. Dues Received and Disbursed

Local 81-320 did not report all dues money received and disbursed to the International in Items 38 (Dues) and Item 47 (Per Capita Tax). It was explained that Local 81-320 approximates the dues owed to CWA per month and sends a check for their per capita. When CWA recalculates the amount actually owed, they usually issue a refund which they refer to as an "advance". Local 81-320

typically "nets" out this amount. The LM-3 instructions state that Statement B (Cash Receipts and Cash Disbursements) should report all cash flowing in and out of your organization. Even though Local 81-320 is refunded for the overpayment, each must be reported as received or disbursed.

2. Disbursements to Officers

Local 81-320 did not include some reimbursements to officers for lost time totaling at least \$9,693 in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). The union must report most direct disbursements to Local 81-320 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).

I want to extend my personal appreciation to CWA Local 81-320 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: Michael Koagel, CPA
Robert Walter, Vice President

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Treasurer Mark McCann
Financial Secretary Brian Stevens
Trustees Dennis Benjack/Mike Rachetta