

U.S. Department of Labor
Cleveland District Office

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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May 31, 2005

Larnie Greene, Financial Secretary
CWA AFL-CIO, LU 14514
57 East Exchange Street
Akron, OH 44308

Re: 2

Dear Mr. Greene:

This Office has recently completed an audit of Communication Workers, Local 14514 under the Compliance Audit Program (CAP) to determine compliance with provisions of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA). As discussed during the exit interview with President Thomas Cowman, Vice President David Cummings, (b)(7)(C) and yourself on March 28, 2005, 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.

In violation of Section 206 of the LMRDA, Local 14514 failed to maintain receipts for all disbursements. For example, receipts were not maintained for disbursements that the local made to (b)(7)(C) for building insulation in the amount of \$2,068.00, and (b)(7)(C) to fix a water leak in the amount of \$294.50

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, 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 recipients of the goods or services.

As agreed, provided that Local 14514 maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

The CAP also disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report Form LM-3 filed by Local 14514 for fiscal year ending September 30, 2005 was deficient in the following areas:

The local reported zero fixed assets in Item 29. **The compliance audit disclosed that the local owns a building which contains a union hall, an office, a storage facility, seven apartments that are rented out, and a bar, which have a total value of well over \$100,000.** The bar is a wholly owned subsidiary organization as discussed below. In addition, the local owns the contents of the building, union hall, office, apartments, and bar.

- The local failed to report their subsidiary organization, The Printer's Club, in Item 10. A subsidiary organization is defined as any separate organization of which the ownership is wholly vested in the reporting labor organization or its officers or its membership, which is governed or controlled by the officers, employees, or members of the reporting labor organization, and which is wholly financed by the reporting labor organization. A subsidiary is considered to be wholly financed if the initial financing was provided by the reporting labor organization even if the subsidiary organization is currently wholly or partially self-sustaining.
- The local failed to report in Schedule 24 other disbursements in the amount of \$1,557.61 made to President Thomas Cowman for building maintenance, and other disbursements in the amount of \$268.16 made to Secretary Larnie Greene for building maintenance and office and administrative expenses.
- The local failed to identify their Recording Secretary, Russ Bendal, and his annual salary of \$298.28. The names of 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.

Please note that all direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization 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 made by your organization 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 Expenses).

An amended LM-3 report for Local 14514 has been filed with our office correcting the above referenced deficiencies. It is noted that the amount the local reported for fixed assets (Item 29), appears to be based solely on tax value assessments. The book value at the start and end of the reporting period of all fixed assets, such as land, buildings, and office furniture and equipment owned by your union must be reported.

Please provide a good faith estimate of the contents of the building, union hall, office, apartments, and bar on your LM-3 report ending September 30, 2005. It is recommended that the local maintain an inventory list. Provided that the local agrees to keep a record of all fixed assets, no additional enforcement action will be taken regarding this violation.

During the audit, it was noted that Vice President David Cumming signs blank checks in advance. Your union's bylaws require that all checks be signed by the president and treasurer. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. It is recommended that you revise your check disbursement method.

I want to thank Local 14514 and staff for their cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to contact me or any other representative of our office.

Sincerely,



Investigator

cc: Communications Workers of America International Office