

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Pittsburgh District Office
1000 Liberty Avenue Suite 801
Pittsburgh, PA 15222
(412) 395-6925 / FAX: (412) 395-5402



October 27, 2005

Nickey Nipper, Treasurer
Communications Workers of America, AFL-CIO
P. O. Box 1930
Beckley, WV 25802-1930

Re: 2

Dear Mr. Nipper:

This office has recently completed an audit of your union 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, as Amended (LMRDA). As discussed during the exit interview with Jeremy Lundergan on May 19, 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.

The CAP disclosed that you were using the union's funds and credit cards to pay for your personal purchases and expenses. The audit disclosed that you did this repeatedly during the year audited. You were able to document that you repaid the union for your expenses and that you usually paid the union's credit card in the billing cycle. However, you are on notice to stop this practice immediately. Further use of the union's credit card or bank accounts for you or your family and friends will be prosecuted and punishable as a felony under the LMRDA section 501(c), Embezzlement of Union Funds. Punishments include up to 10 years in prison and up to \$250,000 in fines. I have recommended that your union be audited again within the next several years and the audit stretch back to include all payments to you and purchases made by you beginning May 19, 2005.

Deficient Filing of the union's LM-3 report was corrected by filing the amended report. On the original report your union did not account for the purchase and resale of shirts nor were officer's expenses accurately reported.

The union was cited for Failure to Maintain Records, a violation of LMRDA section 206. The union had credit card purchases and officer expense claims which were not documented by receipts; there were also credit card statements missing. Receipts for every purchase made with union funds or a union credit card, all credit card statements, and every receipt for a purchase made by officers or members for which reimbursement is made is required to be maintained for at least 5 years.

You were advised to stop the practice of pre-signing blank checks. This leaves the union vulnerable to unauthorized spending or possible misuse of union funds. The bank accounts have two signatures required to protect the union funds.

Another recommendation was to generate an asset inventory list so that the union is able to track the union's fixed assets such as computers and PDAs owned by the union but held by the officers for union business. Inventories should also be kept for the items the union buys to sell to members, such as shirts. Sales of the items then should be documented by receipt and in the union's receipts ledger or journal. Investigator [redacted] also noted that current salary levels are from an earlier vote by the membership, the salaries should be re-approved by the membership and the approval should be noted in the current minutes. You may want to consider a change in your bylaws to reflect current salary levels as well.

I want to extend my appreciation for your and your entire staff's cooperation and courtesy to Investigator [redacted] during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

[redacted]

Investigator