

**U.S. Department of Labor**

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February 26, 2008

Ms. Dutchin Webster, Secretary-Treasurer  
Communications Workers of America (CWA)  
Local 2107  
2441 Holly Avenue  
Annapolis, Maryland 21401

LM File Number: 036-359  
Case Number: [REDACTED]

Dear Ms. Webster:

This office has recently completed an audit of CWA Local 2107 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 President Denise Burns, Executive Vice President Raymond Pomeroy, and you on February 25, 2008, 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 the following violations:

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 2107's fiscal year ending September 30, 2006 records revealed the following recordkeeping violations:

1. General Expenses

Local 2107 did not retain adequate documentation for some expenses incurred by the union. For example, the union purchased baseball tickets from the Bowie Baysox and the Baltimore Orioles. However, the union did not maintain a receipt for either of these purchases.

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. Disposition of Property

Local 2107 did not maintain an inventory of property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 (Other Assets) of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28. For example, the union purchased baseball tickets from the Bowie Baysox and the Baltimore Orioles during the audit period. The audit disclosed that the Baysox tickets were purchased to give away to members and the Orioles tickets were purchased to resell to members. There was no information in the union's records detailing the number of tickets purchased by the union, the names of members to whom the

tickets were sold or given away, the amount of money received from members for the sale of tickets, and the number of tickets disposed of during the fiscal year.

The union must record in at least one record the date and amount received from each sale of union property.

3. Failure to Record Receipts

Local 2107 did not record in its receipts records some receipts from social activities. For example, during the audit period the union purchased flowers and resold them to members. However, the union did not maintain adequate information in its records to document to whom the flowers were sold, the amount received from each member, and what each member purchased. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Receipts and Disbursements Journal

Local 2107 did not retain copies of its receipts journal or its disbursements journal. During the opening interview, President Burns, Executive Vice President Pomeroy, and you advised that the receipts journal and the disbursements journal were maintained on the union's computer, which you said crashed during the audit period and all of the financial entries for 2005 and 2006 were lost. Local 2107 did not maintain hard copies of either the disbursements journal or the receipts journal. In the future, if union records are maintained on a computer, the union should either back-up these files or print them out and maintain hard copies.

Based on your assurance that Local 2107 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-2) filed by Local 2107 for fiscal year ending September 30, 2006, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 of the LM-2 (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 advised that they gave away some Bowie Baysox baseball tickets during the year and disposed of the rest of them. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. 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 2107 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year. Local 2107 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 2107 file an amended LM report for 2006 to correct the deficient items, but Local 2107 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

The audit disclosed the following other issues:

1. Duplicate Receipts

Local 2107 has some cash paying members who pay their dues directly to the union. In addition, the union holds social events in which items such as baseball tickets and floral arrangements are sold to members and the public. During the audit it was discovered that Local 2107 does not issue receipts to any of its cash paying members nor does the union issue receipts for cash taken in during social events. OLMS strongly recommends that Local 2107 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who

make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control of union funds because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

## 2. Leave Records for Local 2107 Employees

Local 2107 employs [REDACTED] as a full time organizer. As part of [REDACTED] compensation package, she receives both annual leave and sick leave from the local. During the course of the audit, OLMS discovered that Local 2107 has no system in which to track [REDACTED] leave balances. While [REDACTED] leave is documented in her vouchers, we strongly recommend that the local implement some type of system in which Local 2107 employees' leave balances are maintained.

I want to extend my personal appreciation to CWA Local 2107 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,

[REDACTED]

Investigator

cc: Denise Burns, President  
Raymond Pomeroy, Executive Vice President