



April 19, 2016

Mr. Jamie Falgout, President
Communication Workers of America
Local 3412
106 Westside Blvd.,
Houma, LA 70364

Case Number: 420-6006752
LM Number: 043067

Dear Mr. Falgout:

This office has recently completed an audit of Communication Workers of America Local 3412 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, Secretary Treasurer Mary Burt, and Vice President Richard Lirette on April 19, 2016, 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 3412's fiscal year ending 2015 records revealed the following recordkeeping violations:

Disbursement Information not Recorded

Local 3412 does not consistently record information on the secretary treasurer's tally sheet, which is used as the purpose of a disbursements journal, in a manner to be able to identify the check issued, date of the check, and payee. During the exit interview, Secretary Treasurer Mary Burt confirmed that she will make sure that the secretary treasurer's tally sheet is completed in greater detail, to verify, clarify, and explain every entry, which will include the date, check number, amount, and payee.

Based on your assurance that Local 3412 will retain adequate, detailed 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 3412 for the fiscal year ended September 30, 2015, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Local 3412 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union. Specifically, Local 3412 did not report payments and reimbursements to former Vice President [REDACTED], in the total amount of, at least, \$3,067. Payments to Wisdom were erroneously reported under Item number 46.

The union must report most direct disbursements to Local 3412 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).

2. Payments to Employees/Contract Labor

Local 3412 erroneously reported payments to contract laborers, in the approximate amount of \$7,499, in Item number 54, Other Disbursements, and should have reported that amount under Item number 46, To Employees. This also caused the figures reported in Item 54, Other Disbursements, to be inflated.

Local 3412 must file an amended Form LM-3 for the fiscal year ended September 30, 2015, to correct the deficient items discussed above. I encourage Local 3412 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than May 3, 2016, or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Issues

1. As discussed during the exit interview, Local 3412 allows non-elected contract employees to handle hall rental contracts, which includes accepting rental payments. The persons collecting these payments are not bonded through the union. Anyone handling Local 3412 funds should be properly bonded. Local 3412 will seek membership approval and contact the bonding company to add employees who accept rental contracts, and/or handle union funds to the local's bonding coverage.
2. CWA Local 3412 does not regularly compare employer records with lost time requests, thus resulting in an overpayment of a total of 12 hours of lost time between two officers, the president and vice president. Both officers agreed to repay the local for the overpayment, totaling approximately \$307.72 (net pay), and the local has begun requesting pay stubs, and/or employer records to verify all lost time claims.

I want to extend my personal appreciation to Communication Workers of America Local 3412 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,



Supervisory Investigator

cc: Ms. Mary Burt, Secretary Treasurer