



March 30, 2012

Mr. Shannon Duffy, Business Manager  
CWA Local 36047  
1015 Locust Street, Ste. 735  
St. Louis, MO 63101

Case Number: [REDACTED]  
LM Number: 016-855

Dear Mr. Duffy:

This office has recently completed an audit of Communication Workers Local 36047 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 and on March 30, 2012, 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 36047's records for the audit period revealed the following recordkeeping violations:

#### 1. General Reimbursed and Credit Card Expenses

Local 36047 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by the business manager and business agent totaling at least \$992.63.

Sufficiently itemized meal receipts were not kept. To cite examples, the local did not maintain itemized receipts for the following meal charges: a \$33.62 charge to Copia Urban Winery on September 7, 2010; a \$22.06 charge at San Sai Japanese Grill on October 6, 2010; a \$26.60 charge at Vincenzo's Restaurant on October 6, 2010; a \$34.96 charge at Elicia's Pizza restaurant on October 7, 2010; a \$39.65 charge to Harper on the Way on October 20, 2010; a \$33.57 charge to Weber's Front Row restaurant on June 22, 2011. In addition, the local did not maintain receipts for a \$58.80 charge to Schnuck's grocery on September 25, 2010; a \$24.95 charge to Budget Savers on April 8, 2011; a \$41.38 charge to Lewis and Clark's on June 25, 2011; and a \$34.46 charge to 12<sup>th</sup> Street Diner on July 9, 2011.

In addition, Local 36047 merged with the Peoria Newspaper Guild CWA Local 34086 near the end of the fiscal year. A review of Local 34086's records show they did not retain adequate documentation for reimbursed expenses and credit card expenses incurred totaling at least \$1,437.24. Some receipts and sufficiently itemized meal receipts were not kept. To cite examples, the local did not maintain itemized receipts for the following meal charges: a \$100 charge at Harry Caray's on November 5, 2010; a \$150 charge at Nick's Fish Market on November 6, 2010; a \$288.36 charge at TWO25's on January 19, 2011; a \$50.83 charge at Johnnie's Hideaway on February 4, 2011; and a \$171.42 charge at Papa John's on April 29, 2011. In addition, the local did not maintain receipts for charges six charges that occurred in August 2011 totaling \$611.97.

As noted above, labor organizations must retain original itemized 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. Lack of Salary Authorization, Paid Leave, Allowances

Local 36047 did not maintain records to verify that the salaries, allowances and/or paid leave reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized including paid leave and allowances paid by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 36047 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 36047's officers and employees are currently bonded for \$345,000, but they must be bonded for at least \$391,332. Local 36047 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than April 30, 2012.

Other Issues

Loan to Officer

During the audit it was discovered the local made a \$5,000 personal loan to the business manager. Direct or indirect loans to any officer or employee in excess of \$2,000 are prohibited under the LMRDA Section 503(a).

I want to extend my personal appreciation to CWA Local 36047 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