

U.S. Department of Labor

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October 30, 2008

Mr. Les French, President
Communications Workers AFL-CIO
Local 37083
2900 Eastlake Avenue East, Suite 200
Seattle, Washington 98102

LM File Number 541-366

Case Number: [REDACTED]

Dear Mr. French:

This office has recently completed an audit of Communications Workers Local 37083 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 Loretta Kissel on September 12, 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.

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 37083's 2007 records revealed the following recordkeeping violations:

1. Debit Card Expenses

Local 37083 did not retain adequate documentation for debit card expenses incurred by union officers and employees totaling at least \$8,922.84. For example, 17 receipts totaling at least \$2,858.40 were missing from the union's records.

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. Meal Expenses

Local 37083 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, at least 15 meal expenses totaling \$966.85 did not list the attendees or the union purpose for the expenses. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 37083 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 37083 for fiscal year ending September 30, 2007, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 22(A) are not the cash figures according to the union's books after reconciliation to the bank statements. The union should report the cash figures from all its bank accounts in Item 22(A). The instructions for Item 22(A) state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

2. Total Receipts

Local 37083 did not include receipts received by the union totaling at least \$10,418.00 in the amount reported in Item 49 (total receipts). The union must report all receipts received in each bank account during the reporting period.

3. Total Disbursements

Local 37083 did not include disbursements made by the union totaling at least \$10,362.00 in the amount reported in Item 68 (total disbursements). The union must report all disbursements made from all its bank accounts during the reporting period including all disbursements made by check, cash withdrawal, and debit card.

4. 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 37083 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year. Local 37083 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 37083 file an amended LM report for 2007 to correct the deficient items, but Local 37083 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

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.

The audit revealed that Local 37083's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Communications Workers Local 37083 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

cc: Rick Saling, Executive Vice President, Local 37083