

**U.S. Department of Labor**

Office of Labor-Management Standards  
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March 31, 2010

Mr. James Carl Mayers, President  
Communications Workers of America, AFL-CIO  
Local 52031  
962 Wayne Avenue, Suite 300  
Silver Spring, MD 20910

LM File Number: 030-514

Case Number: [REDACTED]

Dear Mr. Mayers:

This office has recently completed an audit of the Communications Workers of America (CWA) Local 52031 (also known as National Association of Broadcasting Employees Technicians (NABET) Local 31) 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 Treasurer Connie Sims, Assistant to the Treasurer Karen Ruiz, and yourself on March 25, 2010, 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. Therefore, as a general rule, labor organizations must retain 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 and 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 52031's records for fiscal years ending September 30, 2006 and September 30, 2007 revealed the following recordkeeping violations:

1. Receipt and Disbursement Records Not Retained

Local 52031 failed to retain some dues check-off documentation, a credit card statement, some bank statements, Assistant to the President reports, and miscellaneous disbursement records.

As previously noted above, labor organizations must retain original receipts, bills, bank account statements, credit card statements, vouchers, and other documentation for all disbursements as well as dues check-off reports, receipts for dues paid by check or cash, and other documentation for all receipts. 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. General Reimbursed and Credit Card Expenses

Local 52031 did not retain adequate documentation for numerous reimbursed expenses and charges made by officers and employees on union credit cards. The union must retain supporting documentation for all charges made on the union credit card; it is not sufficient to simply maintain the credit card statement. For example, the union failed to retain some airfare receipts for officers' union business trips. The union also failed to maintain sufficient documentation to explain the union business conducted for some disbursements, including taxicab fares and payments to officers for conducting union business.

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.

3. Meal Expenses

Local 52031 did not require officers and employees to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Furthermore, Local 52031's records of meal expenses did not always include written explanations of the union business conducted or the names and titles of the persons at the meals. 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 restaurants where the officers or employees incurred meal expenses.

#### 4. Meeting Minutes

The audit revealed that the local did not retain meeting minutes for its two membership meetings held during both audit years even though union financial information was discussed at those meetings. These minutes must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 52031 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 52031's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

#### Reporting Violations

The audit disclosed violations of LMRDA Section 201(b), which requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The Labor Organization Annual Report (Form LM-2) filed by Local 52031 for fiscal years ending September 30, 2006 and September 30, 2007 were deficient in the following areas:

##### 1. Disbursements to Officers and Employees

Local 52031 did not include some payments to or on behalf of officers and employees in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses

union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

The following errors were noted on the Form LM-2 for fiscal years 2006 and 2007:

- There were some discrepancies in the reporting of salary payments to officers and employees. The union should report each officer's and each employee's gross salary in Schedule 11, Column D (Gross Salary Disbursements) and Schedule 12, Column D (Gross Salary Disbursements) respectively. Included in these columns are payments to union officials for salary, lost-time, straight time, and any bonuses received during the fiscal year.
- One Local 52031 officer held two union positions during fiscal year 2006. If an officer held more than one position during the reporting period, the LM report should list the officer once in Schedule 11 (All Officers and Disbursements to Officers) and should report the gross salary and allowance payments to that officer for that entire fiscal year. Furthermore, the LM report should list each additional position and the dates on which the officer held the position in Item 69 (Additional Information).
- Local 52031 did not report all of the payments to union officers for union business in Schedule 11, Column F (Disbursements for Official Business). The union should report all direct or indirect disbursements to each officer that were necessary for conducting official business of the labor organization. Examples of disbursements to be reported in Column F include all expenses that were reimbursed directly to an officer, per diem, mileage payments, expenses for officers' meals and entertainment, and taxicab fares.

## 2. Total Receipts and Disbursements Incorrectly Reported

The total receipts and total disbursements figures reported on the union's LM-2 Report for fiscal year ending September 30, 2007 do not match the figures calculated by OLMS during the audit. After reviewing the union records, it appears that some of the dues receipts and per capita disbursements were "netted" instead of being treated as different receipts and disbursements.

Statement B – Receipts of the LM-2 Report must be prepared using the cash method of accounting. The purpose of Statement B is to report the flow of all cash in and out of your organization during the reporting period. Therefore, "netting" is not permitted. Local 52031 must report all money received by the union in Items 36 through 48 and all money disbursed by the union in Items 50 through 65 of Statement B.

## 3. Failure to File Bylaws

The audit disclosed a violation of 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 and bylaws. Local 52031 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year. Local 52031 has now filed a copy of its most current constitution and bylaws.

I am not requiring that Local 52031 file amended reports for 2006 and 2007 to correct the deficient items, but Local 52031 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### 1. Authorized Signatures

During the opening interview, you advised that Local 52031 is required to have two signatures on all checks. One of the signatures needs to be from an officer (either the president or treasurer) and the other signature needs to be from a full-time employee (assistant to the treasurer or secretary). The audit revealed that this policy was not always followed. The two signature requirement is an effective internal control of union funds. OLMS recommends that Local 52031 enforce this control on all checks from the union accounts.

#### 2. Vouchers

The union has a policy that requires vouchers to be approved by an officer other than the officer submitting the voucher. The audit revealed that some of the union's vouchers for officer expenses were missing an approval signature from another officer. OLMS strongly recommends that the union follow its own internal controls policy and require an approval signature from another officer on every voucher prior to issuing the reimbursement to an officer.

#### 3. Multiple Accounts

The audit revealed that the union had a few accounts that had little activity and very small balances. OLMS recommends that the union close or consolidate those small accounts that are not being used.

#### 4. Bonding

The audit revealed that although the union is sufficiently covered under its bond, the current bond is listed by individual. Since there were several officer changes, OLMS recommends that the union look into changing this coverage to a blanket bond so that any

member, officer, or employee who has access to union funds, are included in the coverage.

5. Bookkeeping Errors

The audit revealed numerous errors in the union's books. These included listing the incorrect check number, the wrong check amounts, and failing to include entries for some receipts and disbursements. As a result of these and other issues, the union's book balance was different than the bank balance. OLMS strongly recommends that the union correctly report items in its books so that the union's book balance will accurately reflect the amount of money the union has in its accounts.

6. Credit Cards

The audit revealed that a former union officer had a union credit card and was listed on the union's credit card account after he left the union. OLMS strongly recommends that any former officers or employees be removed from the union's credit card account and all other accounts as soon as they leave the union.

I want to extend my personal appreciation to CWA Local 52031 for the cooperation, courtesy, and hospitality extended during the 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: Connie Sims, Treasurer