

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 27, 2008

Mr Joe Grizan, Secretary-Treasurer
Communications Workers AFL-CIO
Local 58213
1200 Blue Ridge Road
Harrisburg, PA, 17110

LM File Number 512-758
Case Number: [REDACTED]

Dear Mr Grizan:

This office has recently completed an audit of Communications Workers Local 58213 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 on July 17, 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 Violation

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 58213 2007's records revealed the following recordkeeping violations:

Failure to Record Receipts:

Communication Workers Local 58213 did not record in its receipts records any employer dues checkoff checks totaling approximately \$28,000. The union also failed to record checks received from banks for interest earned on certificates of deposit approximately totaling \$600. 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.

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 LM-3 filed by Local 58213 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements to Officers:

Local 58213 did not include some reimbursements to officers totaling at least \$3,579.63 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 58213 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. Fidelity Bond

Item 20 on the LM-3 instructs the union to enter the maximum amount recoverable for a loss caused by any officer, employee, or agent of your organization who handled your organization's funds. Your union entered "0" indicating your organization was not covered by a fidelity bond during the reporting period. 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.

Local 58213 must file an amended Form LM-3 for fiscal year ending September 30, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than September 12, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Communications Workers Local 58213 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

Mr Joe Grizan
August 27, 2008
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CC President John Clare