

U.S. Department of Labor

Office of Labor-Management Standards
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May 21, 2010

Mr. Michael Salazar, President
CWA Local 7037
PO Box 2164
Santa Fe, NM 87504-2164

LM File Number: 041-210
Case Number: [REDACTED]

Dear Mr. Salazar:

This office has recently completed an audit of CWA Local 7037 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 April 15, 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. 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 7037's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 7037 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$2,226. For example, officers attending union meetings and conventions failed to provide receipts for purchases paid with their personal credit cards and submitted for reimbursement to the local.

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 7037 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$200. The union must maintain itemized receipts provided by restaurants to officers and members. 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.

Local 7037 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, when an officer is reimbursed for a meal charged to his or her personal credit card, the original itemized receipt needs to be attached to the expense voucher. 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. In addition, the records retained must identify the names of the restaurants where the officers or members incurred meal expenses.

Based on your assurance that Local 7037 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-3 filed by Local 7037 for the fiscal year ended September 30, 2008, was deficient in that the ending cash balance was off by approximately \$1,000. The local failed to remove from the local's bank balance checks that never cleared the bank and were over one year old. The correct cash ending balance is -\$344.

I am requiring that Local 7037 file an amended LM report for 2008 to correct the ending cash balance for that year. In addition, the local needs to file the 2009 LM report that was its currently delinquent (was due on December 30, 2009). Both reports must be filed no later than May 28, 2010. Before filing, please review the reports thoroughly to be sure they are complete and accurate, and properly signed.

Other Issues

Lost Wages

During the initial interview, you told OLMS that Local 7037 required copies of the members' work schedule before paying any lost time claims. During the audit, OLMS found that in 2009, the local paid approximately \$4,000 in lost wages claims without fulfilling this requirement. The union is responsible for maintaining records to support the lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted.

I want to extend my personal appreciation to CWA Local 7037 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

Letter/Mr. Michael Salazar

April 15, 2010

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cc: Mr. Lorenzo Flores, Secretary/Treasurer