



March 1, 2012

Mr. Gerald Finn, President  
Communications Workers Local 7203  
11 4th Street SE  
Rochester, MN 55904

Case Number: [REDACTED]  
LM Number: 021100

Dear Mr. Finn:

This office has recently completed an audit of Communications Workers Local 7203 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 Secretary-Treasurer Carrie Ganz on February 6, 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 7203's 2011 records revealed the following recordkeeping violation:

Supporting Documentation for Expenses

Local 7203 did not retain adequate documentation to support disbursements for registration fees and meeting refreshments, totaling approximately \$362. For example, Local 7203 failed to retain any supporting documentation for checks issued to CWA District 7 and CWA State Council Representative Rhonda Rodembacher totaling \$330 for what is noted in the union's general ledger as reimbursements for "out of town meetings." During the exit interview, you advised that the payments were for registration fees for a few CWA meetings and conferences. In another example, the union paid \$32 to Gilligan's Bar for what the general ledger identifies as "food for membership meeting," but the union did not retain a receipt in support of the disbursement.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 7203 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 7203 for the fiscal year ended September 30, 2011, was deficient in the following areas:

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

Local 7203 failed to properly report reimbursements to officers and employees for expenses in Item 24 (All officers and Disbursements to Officers) and Item 46 (To Employees). The local's general ledger and expense vouchers revealed officers were reimbursed a total of at least \$1,713 for mileage and per diem to attend CWA conferences and meetings. However, the union reported no disbursements in Item 24, Column E (Allowances and Other Disbursements). In addition, the general ledger and vouchers also indicated that employees were reimbursed for mileage and per diem totaling at least \$500. However, the union reported no disbursements in Item 46. You advised that the disbursements were erroneously included in the amount reported in Item 48 (Office and Administrative Expense).

Most direct disbursements to Local 7203 officers and some indirect disbursements made on behalf of its officers must be reported 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).

I am not requiring that Local 7203 file an amended LM-3 report for 2011 to correct the deficient items, but Local 7203 has agreed to properly report the deficient items on all future reports it files with OLMS.

2. 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 7203 amended its constitution and bylaws in 1996, but did not file a copy with its LM report for that year. A copy of the union's most recent bylaws have now been filed.

I want to extend my personal appreciation to Communications Workers Local 7203 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: Ms. Carrie Ganz, Secretary-Treasurer