

## U.S. Department of Labor

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February 1, 2008

Daniel Dowd, President  
Communications Workers, AFL-CIO  
Local 81331  
PO Box 246  
North Chili, NY 14514-0246

LM File Number 516-858

Case Number: [REDACTED]

Dear Mr. Dowd:

This office has recently completed an audit of Communications Workers AFL-CIO Local 81331 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 on January 30, 2008 with Treasurer Thomas Van Roo, Chief Steward Jeff Siddons and CPA Gene Schwenger 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 CWA Local 81331's 2006 and 2007 records revealed the following recordkeeping violation:

2008

## General Expenses

Local 81331 did not retain adequate documentation for general expenses and debit card expenses incurred, mainly during the strike months, by President Dan Dowd totaling at least \$3,000. For example, between October 2005 and April 2006 there was approximately \$367 in debit card charges at Tim Horton's.

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.

Based on your assurance that CWA Local 81331 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 Reports (Form LM-2) filed by Local 81331 for fiscal year ending (FYE) December 31, 2006, was deficient in that:

### Disbursements to Officers (LM-2)

Local 81331 did not include some reimbursements to officers and employees / payments to officers and employees totaling at least \$7,000 (\$6,900 in strike benefits to each officer/member) in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported the payments in Schedules 15 through 19 as well in Item 57 (Strike Benefits).

The union must report in Column F of Schedules 11 (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 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

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The Labor Organization Annual Reports (Form LM-3) filed by Local 81331 for fiscal year ending December 31, 2007, was deficient in that:

Disbursements to Officers (LM-3)

Local 81331 did not accurately report the total amounts of payments to officers or on their behalf in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously combined Allowances and Other Disbursements (Column E) with Salary, including lost wage payments (Column D). Non salary payments are to be reported separately in Item 24.

I am not requiring that Local 81331 file an amended LM-2 report for Fiscal Year Ending December 31, 2006 or LM-3 report for Fiscal Year Ending December 31, 2007 to correct the deficient items, but Local 81331 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Local 81331, as well as CPA Gene Schwenger and accountant Sue Lindsay for their 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 be of any additional assistance, please do not hesitate to call.

Sincerely,

  
Investigator

cc: Thomas Van Roo – Treasurer  
Jeff Siddons – Chief Steward  
Gene Schwenger – Certified Public Accountant