

**U.S. Department of Labor**

Office of Labor-Management Standards  
Cincinnati District Office  
36 East Seventh Street, Suite 2550  
Cincinnati, Ohio 45202  
(513)684-6840 Fax: (513)684-6845



August 12, 2009

Mr. Gerald Hanifen, President  
Communication Workers AFL-CIO Local 84729  
343 Sweet Briar Court  
Batavia, Ohio 45103

LM File Number: 018-599  
Case Number: [REDACTED]

Dear Mr. Hanifen:

This office has recently completed an audit of CWA Local 84729 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, Financial Secretary-Treasurer John Gibson, and your union's accountant Bernard Buerger on August 11, 2009, 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 84729's October 1, 2007 through September 30, 2008 records revealed the following recordkeeping violations:

1. Missing Disbursement Records

Local 84729 did not retain adequate documentation for expenses paid by check or debit card totaling at least \$4,705.23 during the audit year. For example, there were no vendor receipts in the records for any of the expenses relating to the local's 2008 Labor Day Picnic.

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. Missing Receipt Records

Local 84729 did not retain adequate documentation for all its income during the audit year. Specifically, four CWA International deposit advice slips – which serve as confirmation of dues directly deposited into Local 84729's account – were missing from the records.

3. Missing Financial Statements

Local 84729 did not retain adequate documentation for its assets during the audit year in that three of its Oppenheimer investment statements were missing from the records.

4. Payments for Lost Wages and Reimbursed Auto Expenses

Local 84729 did not retain adequate documentation for lost wage reimbursement payments to union officers totaling at least \$1,911.98. The union must maintain records in support of 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. Although the audit revealed that, in most instances, Local 84729 did maintain vouchers for lost time payments; none of

the vouchers included all of the required information necessary to verify the payments.

Similarly, union officers who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$819.79 during the audit year. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

During the exit interview, I provided a sample of an expense voucher Local 84729 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 84729 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 84729 for fiscal year ending September 30, 2008 was deficient in the following areas:

##### 1. Cash Figures

The beginning of year cash figures reported in Item 25 (Cash), of the amended 2008 Form LM-3 report do not match the end of year cash figures reported in Item 25 (Cash) of the local's amended 2007 Form LM-3 report. There must be an explanation for that discrepancy in Item 56 (Additional Information).

##### 2. Disbursements to Officers

Local 84729 did not include some reimbursements to officers, totaling at least \$819.79, in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported mileage reimbursements elsewhere on the report.

The union must report most direct disbursements to Local 84729 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).

### 3. Audit or Review of Books

Local 84729 has reported in Item 56 (Additional Information) of its LM-3 reports, that, at least since 2004, the union's records were going to be audited by Edward Hattenbach, CPA, Inc. However, the OLMS audit revealed that Hattenbach hasn't done any accounting work for the union in at least the past ten years. The additional information indicating that the local's records will be audited must be removed unless the local will actually have Hattenbach audit the records.

Local 84729 must file an amended Form LM-3 for fiscal year ending September 30, 2008, 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 OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but no later than August 25, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

### Other Issues

#### 1. Cash Withdrawal

The audit disclosed that Local 84729 made a cash withdrawal from its checking account for purposes of the Labor Day Picnic. While unions are permitted to make cash disbursements, I recommended that the local disburse its funds via check for internal financial control purposes.

2. Debit Card

The audit disclosed that the local's officers are not properly reviewing all debit card disbursements. I recommended that such a recurring review become a practice at the local.

3. Account Information

The audit disclosed that Local 84729's information on file with Chase Bank and Oppenheimer is out of date. Specifically, Chase Bank has the union's title as "Int'l Electrical Radio & Machine" and the address on file at Oppenheimer was for the local's past bookkeeper. I recommended that the local update this information.

I want to extend my personal appreciation to CWA Local 84729 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: John Gibson, Financial Secretary-Treasurer  
Bernard Buerger, CPA