

U.S. Department of Labor

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October 30,2008

Mr. Richard King, Financial Secretary
Communications Workers AFL-CIO
Local 84749
1724 W CO RD 38
Tiffin, OH 44883

LM File Number 040-573

Case Number: [REDACTED]

Dear Mr. King:

This office has recently completed an audit of Communications Workers Local 84749 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 August 1,2008, 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.

Recordkeepinn 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 84749's records revealed the following recordkeeping violation:

1. Receipts and Disbursements from 50/ 50 Raffle

The union failed to record the funds received during the 50/50 raffles held during membership meetings. Furthermore, the local failed to record the amounts of the disbursements issued to the winner of each raffle. The full amount of the funds received by the local should be recorded as having been received while the funds provided to the winner should be recorded as disbursed funds.

2. Disposition of Property

Local 84749 did not maintain an inventory of hats and t-shirts it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

Based on your assurance that Local 84749 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 84749 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Certificate of Deposit Reported As An Investment

Local 84749 improperly included the value of a certificate of deposit in the amount of \$20,000 as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

2. Unreported Investment

The audit disclosed that Local 84749 had an investment consisting of twelve shares of stock in Praxair. This value of the investment must be disclosed on the LM-3 under investments (item 28).

3. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away more than 100 t-shirts during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

4. Disbursements to Officers

Lost time payments issued to officers was reported under item 24 column E (Allowances and Other Disbursements) of the LM-3 report. However, payments received by an officer for lost time must be reported under item 24 column D (Gross Salary), as outlined in the LM-3 instructions. In addition, reimbursed expenses that were paid to officers in 2007 were not disclosed in item 24 column E (Allowances and Other Disbursements). The union must report most direct disbursements to Local 84749 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).

I am not requiring that Local 84749 file an amended LM report for 2007 to correct the deficient items, but Local 84749 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

As was discussed during the exit interview, the audit revealed that Local 84749 does not have adequate internal financial safeguards in place. The financial secretary has single signature authority of the checking account, possession of the union credit card, and controls all accounting and financial disclosure functions. The union does not have trustees or an outside account audit its books. OLMS recommends that audits be conducted annually and that single person control of the finances be eliminated.

I want to extend my personal appreciation to Communications Workers Local 84749 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: Lloyd Creeger, President