



July 7, 2011

Ms. Loretta Thomas, Financial Secretary
Communications Workers of America (CWA)
Local 86782
13146 HWY 110
Whitehouse, TX 75707

Case Number: [REDACTED]
LM Number: 030392

Dear Ms. Thomas:

This office has recently completed an audit of Communications Workers 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, President Claretta Allen, Vice-President Johnny Gross, Recording Secretary Joyce Sheffield, Trustees Kent Gee, Tarodney Wallace, Mark Gilmore, Chief Stewards Brendan Blakenship, Craig Widemon, Jimmy Wade, Paula Taylor and Sam Buckner on June 13, 2011, 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 86782's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 86782 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by President Claretta Allen, Vice-President Johnny Gross and

Financial Secretary Loretta Thomas totaling at least \$6,428. For example, transactions conducted at Wal-Mart, Albertson's, Cityview Florist, Broassang's Flowers, Sweet Sue's Restaurant, China King, Carreta's Café, Fat Catz Louisiana Kitchen and Ryan's had no supporting documentation.

As 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 86782 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1298. The union must maintain itemized receipts provided by restaurants to officers and employees. 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 86782 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, meals purchased at Sweet Sue's Restaurant, China King, Carreta's Café, Fat Catz Louisiana Kitchen, Ryan's, Whataburger, Chick-Fil-A, Popeye's, and Luby's Café had no supporting documentation. 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. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Lost Wages

Local 86782 did not retain adequate documentation for lost wage reimbursement payments to any of its principal financial officers and employees for the entire audit period. 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. The OLMS audit found that Local 86782 created a lost time tracking voucher that identified the officer's name, position, date of lost wages, total hours and reason; however, they did not use or maintain the voucher. The payment document record in which the union used did not specify the date for which lost wages incurred, the number of hours lost each date, and a description of the union business conducted.

During the exit interview, I provided examples in which Local 86782 may use to satisfy this requirement. The example identified the type of information and documentation that the local must maintain for lost wages and other officer expenses.

4. General Receipt Records

Local 86782 failed to maintain proper records and adequate documentation for income received for the rental of its union hall. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 86782's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

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-2) filed by Local 86782 for the fiscal year ended September 30, 2010, was deficient in the following areas:

1. Failure to File Constitution and 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 86782 amended its constitution and bylaws in June 2009, but did not file a copy with its LM report for that year. A copy of the amended constitution was obtained during the course of the audit; therefore, no further action will be taken regarding this violation.

2. Disbursements to Officers and Employees

Local 86782 did not report all lost wage reimbursements to its officers and employees in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (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 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

3. General Receipts Record

Local 86782 failed to report any rental income figures on Statement B, line item 42 of its LM report. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Local 86782 must file an amended Form LM-2 for the fiscal year ended September 30, 2010, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than July 21, 2011. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to Communications Workers of America Local 86782 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: President Claretta Allen, Vice-President Johnny Gross, Recording Secretary Joyce Sheffield, Senior Trustee Kent Gee, Trustee Mark Gilmore, Trustee Tarodney Wallace, Plant Chief Steward Brendan Blakenship, 1st Shift Chief Steward Sam Buckner, 2nd Shift Chief Steward Craig Widemon, 2nd Shift Assistant Chief Paula Taylor and 3rd Shift Chief Steward Jimmy Wade.