



October 14, 2010

Mr. Jack Schicht, Vice President  
Cincinnati Newspaper Guild  
Communication Workers of America  
Local Union 34009  
2212 Sterrett Avenue  
Covington, KY 41014

Case Number: [REDACTED]  
LM Number: 025706

Dear Mr. Schicht:

This office has recently completed an audit of CWA LU 34009 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 September 27, 2010, 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 34009's January 1, 2006 to December 31, 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 34009 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers and employees totaling at least \$4,100 during the audit period of January 1, 2006 to December 31, 2008. For example, postage expenses, a reimbursement for the installation of the union's telephone, convention expenses, and expenses for the union's termination party held in January 2008 were lacking adequate 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 34009 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,050 during the audit period of January 1, 2006 to December 31, 2008. 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 34009 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, receipts maintained by the union for meals incurred while attending union conventions did not contain any information identifying the titles or names of the individuals incurring the charges or the business conducted. 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. Receipt Documentation

Local 34009 did not retain documentation for chapter receipts received totaling at least \$300 during the audit period of January 1, 2006 to December 31, 2008. These receipts included payments for the sale of the union's computer and a reimbursement from a union officer for a personal expense accidentally charged to the union's credit card.

As previously noted above, labor organizations must retain at least one record showing the date, amount, purpose, and source of money received. 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 Local 34009's termination status and your assurance that Local 34009 will retain all current documentation available for five years, as required by LMRDA Section 206, 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 34009 for the fiscal years ended December 31, 2006, December 31, 2007, and December 31, 2008, were deficient in the following areas:

#### 1. Disbursements to Officers

Local 34009 did not include some reimbursements to officers totaling at least \$2,900 in the amounts reported in Item 24 (All Officers and Disbursements to Officers) on the union's LM-3 reports for the fiscal years ended December 31, 2006, December 31, 2007, and December 31, 2008. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to Local 34009 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).

2. Cash Reconciliation

Local 34009's reported cash figures for the reporting period January 1, 2007 to December 31, 2007 do not reconcile. Specifically, cash at the start of the reporting period (Item 25(A)) plus total receipts (Item 44) minus total disbursements (Item 55) do not equal cash at the end of the reporting period (Item 25 (B)). It appears the union failed to report in Item 42 (Sale of Investments and Fixed Assets) \$66,449 in receipts from its sale of investments. The union is required to report all receipts received from the sale of investments or fixed assets in Item 42.

Local 34009 filed an amended Form LM-3 for the fiscal year ended December 31, 2007 to correct the cash reconciliation. No further action is warranted.

I want to extend my personal appreciation to CWA LU 34009 for the cooperation and courtesy extended during this compliance audit. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator