

U.S. Department of Labor

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January 25, 2006

Mr. Benjamin Torres, President
Communication Workers AFL-CIO
Local 81274
6 Mechanic Street
Waltham, MA 02453

LM File Number 052-903
Case Number: [REDACTED]

Dear Mr. Torres:

This office has recently completed an audit of CWA Local 81274 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 Financial Secretary-Treasurer Michael Grigas on January 19, 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.

The CAP disclosed recordkeeping violations and reporting violations.

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 81274's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 81274 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by President Benjamin Torres and Vice President Erick Yax totaling at least \$850. For example, credit card charges for hotel billings for a union convention, retirement gifts purchased for union members, and repair to an automobile were lacking documentation to verify the charges.

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. Meal Expenses

Local 81274 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,000. 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 81274 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, meal receipts for meals charged by President Benjamin Torres and Vice President Erick Yax on the union's credit card did not contain any information on the retained receipts regarding the purpose of the meals or the individuals incurring the meal expenses. 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.

Based on Local 81274 terminating in 2009, 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 81274 for fiscal year ending September 30, 2008, was deficient in the following areas:

1. Disbursements to Officers

Local 81274 did not include some reimbursements to officers totaling at least \$3,350 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

Also, Local 81274 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 81274 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. Failure to File 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 81274 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 81274 has now filed a copy of its constitution and bylaws.

Due to Local 81274 terminating in 2009, Local 81274 is not required to file an amended LM report for 2008 to correct the deficient items.

I want to extend my personal appreciation to CWA Local 81274 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,

Mark Letizi
District Director

Mr. Benjamin Torres
January 25, 2006
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cc: Michael Grigas, Financial Secretary-Treasurer