

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 27, 2006

Mr. Steven Costlow, President
Communications Workers of America
Local 2390
PO Box 488
Fairfax, VA 22038

Re: Case Number

Dear Mr. Costlow:

This office has recently completed an audit of Communications Workers of America Local 2390 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 Charles Vannoy and you on September 19, 2006, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 2390's 2006 records revealed the following recordkeeping violations:

1. Officer Expenses

Union officers failed to maintain adequate documentation for some reimbursed expenses, for some expenses charged to union credit cards, and for some lodging expenses that were direct-paid by the union. Receipts must be maintained for all expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded.

2. Lost Wages

Union officers failed to record the date and/or purpose of some lost wage claims. Records must be maintained that identify the date, number of hours lost, rate of pay, and the specific union purpose for all lost wages. The lost wage claims must 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.

3. Receipts

Local 2390 failed to record some dues checks. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date the money was received, the identity of the source of the money, and the individual amount received from each source.

As agreed, provided that Local 2390 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP 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 2390 for fiscal year ending September 30, 2005, was deficient in the following ways:

1. Some Payments to Officers Not Properly Reported

Local 2390 failed to include some disbursements to officers in Item 24 (All Officers and Disbursements to Officers). Such payment appears to have been erroneously reported in another disbursement category.

All direct disbursements to Local 2390 officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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 CAP disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised bylaws with its LM report when bylaw changes are made. Local 2390 amended its bylaws in 1999, but a copy was not filed with its LM report for that year. A copy of Local 2390's bylaws has now been filed.

I am not requiring that Local 2390 file an amended LM report for 2005 to correct the deficient items, but as agreed, Local 2390 will properly report the deficient items on all future reports filed with this agency.

Other Issues:

The CAP disclosed the following other issues:


1. Disbursement Policy

The CAP revealed that Local 2390 does not have a definitive disbursement policy. I strongly recommend that Local 2390 adopt a disbursement policy regarding the types and amount of expenses that officers may incur and the kind

of approval, either executive board or membership, that is required in these situations.

I want to extend my personal appreciation to Communications Workers of America Local 2390 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: Charles Vannoy, Secretary-Treasurer