

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Buffalo District Office
130 South Elmwood Avenue
Suite 510
Buffalo, NY 14202-2465
(716)842-2900 Fax: (716)842-2901



June 7, 2007

Mr. James Wagner, President
Communications Workers, AFL-CIO
Local 1122
3775 Genesee Street
Buffalo, NY 14225

LM File Number 055-902

Case Number: [REDACTED]

Dear Mr. Wagner:

This office has recently completed an audit of CWA Local 1122 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 Secretary-Treasurer Thomas Revekant and yourself on March 8, 2007, 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 1122's 2005/2006 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 1122 did not retain adequate documentation for credit card expenses incurred by union executive board members totaling at least \$16,415, more than half of the total American Express charges during the audit year. Of those missing receipts, approximately \$13,519 were travel-related expenses. Union officers were able to obtain duplicate copies of most of those receipts when I requested such. It should be noted that this closing letter and the subsequent closing of the case have both been delayed due to the efforts being made by current and former union officers to locate credit card receipts.

All of the credit card charges were confirmed to be union-related by vouchers attached to the monthly credit card statements and completed by Secretary-Treasurer Revekant. He filled out the vouchers before issuing a union check for payment based on his recollection of the nature of the charges by the other executive board members if they did not provide him with the supporting receipts for the charges.

2. Meal Expenses

Local 1122's records of meal expenses charged to the union credit cards did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. The meal expenses were charged to union-issued American Express credit cards. Receipts were found for some of the meal expenses but they did not always contain sufficient details to explain the charges. 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. 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.

3. Failure to Maintain Proper Receipts Records

Local 1122 did not issue receipts to members making donations to its COPE account or those purchasing union t-shirts during the audit year. A photocopy of the member's check was maintained in union records but such is not a sufficient record by itself. 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 1122'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.

Based on your assurance that Local 1122 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue


As we discussed during the closing interview, the union may want to consider a change in its credit card policy, at minimum, requiring all charges to be supported by an original receipt. Another option is to discontinue the use of credit cards by all executive board members and simply have one union-issued credit card to be used for all necessary union expenses. If the union chooses to use one credit card for expenses the executive board officers could be reimbursed for any union charges they may have charged to a personal credit card or paid cash for. Again, reimbursement for these expenses, in any instance, should only occur when the charges are supported by original receipts or other backup documentation. As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements.

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Each officer is responsible for submitting original supporting documentation for all purchases he/she makes using their union-issued credit card. Those receipts must contain sufficient information, including names and purposes, to show union benefit and therefore justify union payment. A receipt or other supporting documentation (when an original receipt is not available) should accompany every charge on the union credit cards each month. The union is not responsible for payment of charges that are not supported by such documentation. In cases where no supporting documentation is presented by the responsible officer that officer is responsible for payment of such charges.

I want to extend my personal appreciation to CWA Local 1122 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 I can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Secretary-Treasurer Thomas Revekant
Executive Vice President Robert Chadwick, Area Vice Presidents John Mudie,
Marilyn O'Brien, Lisa Dobson, and Thomas Antonio