

U.S. Department of Labor

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July 17, 2006

Mr. John Kohanski
Treasurer, Local 2084
Electrical Workers, IBEW, AFL-CIO
5858 E. Molloy Road
Syracuse, NY 13211-2002

Re: Case No. XXXXXXXXXX

Dear Mr. Kohanski:

This office has recently completed an audit of IBEW, Local 2084 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, Guy Raymond, and Jim Jackson on July 14, 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.

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 2084's 2005 records revealed the following recordkeeping violations:

- Local 2084 properly maintained the majority of documentation necessary to verify its financial activities as required by the LMRDA Section 206. However, sufficient documentation was not maintained in support of all disbursements. On a few occasions, union officers and employees failed to maintain adequate documentation for reimbursed 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.
- Adequate documentation was not retained for some purchases of office supplies.

As agreed, provided that Local 2084 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 2084'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 also 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, not just the individuals who are responsible for filing the union's LM report.

Furthermore, the CAP 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 constitution or bylaw changes are made. Local 2084 amended its constitution and bylaws in 2004, but a copy was not filed with its LM report for that year.

A copy of Local 2084's constitution and bylaws has now been filed.

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 LM-3 filed by Local 2084 for fiscal year ending July 31, 2005, was deficient in the following areas:

- There were many incorrect categorizations on the LM-3 report which was completed by CJ Accounting Firm. The mistakes were reviewed in detail with the accountant. As discussed with the officers, although the accountant is completing the LM-3 annual report, the officers signing the report are ultimately responsible for the information on that report. Review the LM-3 report for completeness and accuracy prior to filing it with our office.
- The names of some officers and the total amounts of payments to them or on their behalf were not reported in Item 24 (All Officers and Disbursements to Officers). All persons who held office

during the year must be reported in Item 24 regardless of whether or not they received any payments from the union.

- Local 2084 failed to include some reimbursements to officers and employees in Item 24 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in Item 46 (To Employees).


All direct disbursements to Local 2084 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).

- Receipts and disbursements for Local 2084's annual Clambake and Golf Tournament were held in two separate accounts at the credit union, but were not reported on the LM-3 report. All cash receipts and disbursements must be reported on your LM-3.

Local 2084 must file an amended Form LM-3 for fiscal year ending July 31, 2005, to correct the deficient items discussed above. I provided your accountant instructions, and discussed with him the availability of the reporting forms and instructions on the OLMS website (www.olms.dol.gov). ***The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than July 27, 2006.*** Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,


Investigator

cc: Guy Raymond, President
Jim Jackson, Business Manager
Charles Kurtz, Accountant