



December 13, 2013

Mr. Richard Madal, President  
Communications Workers Local 84707  
18975 Villaview Road  
Cleveland, OH 44119-3053

Case Number: 350-3616379 [REDACTED]  
LM Number: 025-509

Dear Mr. Madal:

This office has recently completed an audit of Communications Workers Local 84707 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, Financial Secretary Bruce Shomon, and Treasurer Charles Robinson, III on November 27, 2013, 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 84707's September 30, 2012 records revealed the following recordkeeping violation:

### Failure to Maintain Credit Card Purchases Documentation

Local 84707 did not retain adequate documentation for union disbursements totaling at least \$86.16. For example, no invoice documentation was available for a credit card purchase to Things Remembered for plaques that were displayed in the union office.

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.

Based on your assurance that Local 84707 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

### 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 84707 for fiscal year ending September 30, 2012, was deficient in the following areas:

#### 1. Disbursements to Officers

Local 84707 did not include some reimbursements to officers totaling at least \$399.00 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).

In addition, Local 84707 failed to properly record the officers' monthly salaries in Item 24, Column D – Gross Salary (before taxes and other deductions) totaling at least \$11,979.00. The officers' salaries were incorrectly recorded in Item 24, Column E – Allowances and Other Disbursements.

The Form LM-3 instructions for Item 24 – All Officers and Disbursements to Officers state "Column (D): Enter the gross salary of each officer (before tax withholdings and other payroll deductions). Include disbursements for "lost time" or time devoted to union activities." Additionally, the instructions state "Column (E): Enter the total of all other direct and indirect disbursements to each officer other than salary."

The union must report most direct disbursements to Local 84707 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).

As the employer, General Electric withholds from the local's dues all funds to cover lost time incurred by you and the other officers. These are payments considered to be direct disbursements from the local's funds and must be reported as such.

## 2. Cash Reconciliation

The local's starting and ending cash figures reported in Item 25 (Cash) are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 (Cash) state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

It appears that the reported beginning and ending cash balances include the beginning and ending balances for the local's investments and fixed assets, as well as the actual books cash balances. The audit revealed that beginning cash balance reported on the Form LM-3 Report for September 30, 2012 is over stated by \$27,800.00 and the ending cash balance is over stated by \$30,900.00.

In addition, the LM-3 instructions state Item 25 is to include all cash on hand, including cash, checks, and money orders, even if they have not been deposited yet. Also included are deposited funds from checking, savings, certificates of deposit, and money market accounts.

## 3. 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. Communications Workers Local 84707 amended its constitution and bylaws in 2006, but a recent copy was not on file with the Secretary of Labor in Washington, D.C.

Communications Workers Local 84707 has now filed a copy of its revised April 2006 constitution and bylaws.

Local 84707 must file an amended Form LM-3 for fiscal year ending September 30, 2012, to correct the deficient items discussed above. I provided you with LM-3 instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://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 January 10, 2014. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Personal Use of Credit Cards

The audit revealed that you as president of Local 84707 inadvertently made personal charges to the union's credit card while on union travel status without proper reimbursement back to the local. For example, while attending a union conference in Deerfield Beach, Florida in March 2013, the car rental agreement you purchased included two additional days, which was for your scheduled vacation prior to the conference meetings. Also, on the return flight home from the same conference, a \$25.00 baggage fee for your wife was charged to the union's credit card.

During the exit interview, you and Financial Secretary Shomon verified that you reimbursed \$384.91 back to the local on July 17, 2013 for the personal charges associated with the union's credit card.

OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to Communications Workers Local 84707 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: Mr. Bruce Shomon, Financial Secretary