



November 17, 2011

Mr. John Besta, Treasurer
Postal Mail Handlers Local 298
3035 Harney Street
Suite 302
Omaha, NE 68131-3536

Case Number: [REDACTED]
LM Number: 515583

Dear Mr. Besta:

This office has recently completed an audit of Postal Mail Handlers Local 298 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 and President Linda Wagman on November 17, 2011, 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 298's 2010 records revealed the following recordkeeping violation:

General Expenses

Local 298 did not retain adequate documentation for general expenses incurred by the local totaling at least \$2,332. For example, the local purchased a laptop computer for the local treasurer, but did not retain adequate supporting documentation.

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 298 will retain adequate documentation in the future, 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 298 for the fiscal year ended December 31, 2011, was deficient in the following areas:

1. Disbursements to Officers

Local 298 did not include some reimbursements to officers totaling at least \$706 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 298 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. Receipts and Disbursements

Local 298 incorrectly included dues receipts received by the international union in Item 38 (Dues) of the LM 3 report. If an intermediate or parent body receives dues checkoff directly from an employer on the local's behalf, do not report in Item 38 that portion retained by that organization for per capita tax or other purposes.

Local 298 incorrectly included some disbursements made by a parent body related to a loan the local obtained from the parent body. Disbursements should only be reported when money is actually paid out by the local.

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. Local 298 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 298 filed a copy of its constitution and bylaws during the compliance audit.

Local 298 filed an amended LM report for 2010 during the compliance audit to correct the deficient items.

I want to extend my personal appreciation to Postal Mail Handlers Local 298 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: Ms. Linda Wagman, President