



December 6, 2022

Mr. Christopher Degeyter, President  
Postal Workers, American, AFL-CIO  
Local 241  
713 Mayer Avenue  
Madison, WI 53707

Case Number: 320-6023329( )  
LM Number: 072154

Dear Mr. Degeyter:

This office has recently completed an audit of Postal Workers, American, AFL-CIO (APWU) Local 241 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, Vice President Doug Meyer, Treasurer Kenneth Whiteash, Secretary Mary Goldade, Motor Vehicle Services (MVS) Craft Director Timothy Will, Clerk Craft Director [REDACTED], and Trustee Sarah Spafford on December 1, 2022, 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 241's 2021 records revealed the following recordkeeping violations:

1. Receipt Dates not Recorded

Entries in Local 241's QuickBooks electronic recordkeeping system reflect the date the union deposited money, but not the date money was received. Although Local 241 kept duplicate receipt records for some receipts it received (e.g. purchase of union apparel), other receipts, like hotel reimbursement checks from union officers, were not recorded in any record that identified the receipt date. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Lost Wages

Local 241 did not retain adequate documentation for lost wage reimbursement payments to you totaling at least \$10,000. The union must maintain records in support of lost wage claims that 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. The audit found that Local 241 maintained lost wage vouchers and United States Postal Service (USPS) Form 3971's for all lost wage claims. However, on most of the vouchers, the union business purpose was broadly identified as "office work." In addition, the information provided on some of the vouchers did not identify the individual hours worked on each date.

Based on your assurance that Local 241 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 241 for the fiscal year ended December 31, 2021 was deficient in the following areas:

1. Cash in the Bank

Local 241 included unrealized investment gains totaling more than \$60,000 in the amounts reported in Item 25(a) and 25(b) (Cash). As we discussed at the exit interview, the Form LM-3 is prepared using the cash basis of accounting. Further, the LM instructions require that only the union's cash on hand and on deposit be reported in Item 25. Cash on hand includes undeposited cash, checks and money orders; petty cash; and cash in safe deposit boxes. Cash on deposit includes funds in banks, credit unions and other financial institutions, such as checking accounts, savings accounts, certificates of

deposit, and money market accounts. Therefore, unrealized investments gains should not be reported in Item 25.

## 2. Reinvested Interest and Dividend Receipts

During the audit period, Local 241 earned interest and dividends totaling \$5,267 on their investment accounts; however, Local 241 reported only \$430 in Item 41 (Interest and Dividends), which is equivalent to the amount of interest that was earned in the local's deposit accounts (savings, certificates of deposit, etc.). Item 41 must include the total amount of interest and dividends received by your organization from savings accounts, bonds, mortgages, loans, investments, and all other sources.

Local 241 reinvested these dividend amounts but did not report the purchase of the new investments in Item 52 (Purchase of Investments and Fixed Assets). Local 241 must report all disbursements for investments and fixed assets purchased by your organization in Item 52.

## 3. Disbursements to Officers

Local 241 did not include some reimbursements to officers totaling at least \$500 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, Local 241 disbursed reimbursement payments to Treasurer Whiteash totaling \$547, but only reported \$177 next to his name in Column E (Allowances and Other Disbursements) of Item 24. It appears the union erroneously reported these payments in Item 48 (Office and Administrative) or Item 54 (Other Disbursements)

The union must report most direct disbursements to Local 241 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).

## 4. Acquire/Dispose of Property

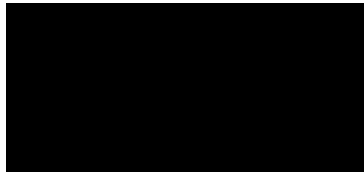
Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) was correctly answered, "Yes;" however, the union did not adequately describe the type and value of any property given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. In the additional information section (Item 56),

the union only reported “outdated or unusable office equipment disposed of.” Local 241 also failed to report the give-away of union apparel items, such as t-shirts, in Item 56. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as “members” or “new retirees.”

I am not requiring that Local 241 file an amended LM report for 2021 to correct the deficient items, but Local 241 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to APWU Local 241 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,



Senior Investigator

cc: Mr. Doug Meyer, Vice President  
Mr. Kenneth Whiteash, Treasurer  
[Redacted] Clerk Craft Director  
Mr. Timothy Will, MVS Craft Director  
Ms. Sarah Spafford, Trustee