



January 11, 2024

Via email to: [REDACTED]

Kay Lehman, Treasurer
Postal Workers, American (APWU) Local 286
1207 E Clay
Fort Wayne, IN 46802

Case Number: 310-6026302([REDACTED])
LM Number: 071552

Dear Ms. Lehman:

This office has recently completed an audit of Postal Workers, American, (APWU) Local 286 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 Mary Light on December 19, 2023, 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 286's 2022 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 286 did not retain adequate documentation for some reimbursed expenses and credit card expenses incurred by officers, totaling at least \$200. For example, President Light

charged food delivery subscriptions to the union credit card, but no supporting documentation was retained. Credit card statements alone are not sufficient to fulfill the recordkeeping requirement.

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.

2. Meal Expenses

Local 286's records of meal expenses did not always include the full names and titles of the persons incurring the restaurant charges. Local 286 retained the credit card statement and credit card receipts for meals which listed the union business conducted. However, in instances where more than one person was incurring the meal expense, Local 286 officers failed to include the names and/or titles of the persons incurring the restaurant 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.

In addition, Local 286 did not always require officers and employees to submit itemized receipts for meal expenses totaling at least \$750. 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. Information not Recorded in Meeting Minutes

During the audit, President Light advised OLMS that the membership must authorize expenses exceeding \$500. In January 2022 a computer was purchased by President Light for \$1,761.54 without authorization in the meeting minutes. Additionally, cell phones for President Light and Vice President Timothy Bracht were purchased in March totaling \$2,024.76 but were not authorized until the April 2022 membership meeting. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

4. Membership Drive Receipt and Disbursement Records

Entries in Local 286's general ledger did not always identify the source of the union receipts and disbursements. On July 8, 2022, \$5,500 in cash was withdrawn from the unions checking account. On July 19, 2022, \$4,900 was deposited in the union's checking account. The union records did not identify the payee or source of this disbursement and receipt, respectively. Union receipts records must include an adequate identification of all money the union receives, including date and amount received, and the source. Union

disbursement records must include an adequate identification of all money the union disburses, including date, amount, and payee. Labor organizations must also retain original receipts, bills, and vouchers for all disbursements.

5. Disposition of Property

Local 286 did not maintain an inventory or distribution list of union t-shirts that were given away to members totaling at least \$3,950. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

6. Lack of Salary and Vacation Authorization

Local 286 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3. During the audit, an authorization for a rate of pay increase for office secretary Stephanie Kinsey from \$12 an hour to \$15 an hour was not found. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 286 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 286 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. 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?) should have been answered, "Yes," because the union gave away t-shirts totaling more than \$3,950 during the year. 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."

2. Payments to Employees

Item 17 (During the reporting period did your organization pay any employee salary, allowances, and other expenses which, together with any payments from affiliates, totaled more than \$10,000) was correctly answered, "Yes," because the union paid office secretary Jared Light a salary of \$4,800 and unused vacation totaling at least \$5,967. However, Local 286 failed to identify the total disbursements made to Jared Light in Item 56 (Additional Information). The union must identify the name and position of each employee and the names of the other affiliated labor organizations which made disbursements to or on behalf of the employee (if applicable). The union must also report in Item 56 the total disbursements made to each employee or on the employee's behalf by your organization, including all salary and allowances (before any deductions) and other disbursements (including reimbursed expenses).

3. Disbursements to Officers

Local 286 did not include some reimbursements to officers totaling at least \$8,000 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, Vice President Bracht was given four quarterly gift cards totaling \$1,800 for mileage and vehicle wear and tear while conducting union business, but the amount was not included in Item 24. It appears these payments were erroneously reported in Item 54. As another example, President Light incurred at least \$2,200 in meal expenses either reimbursed directly to her or incurred on the union credit card. These direct and indirect disbursements must be reported in Column E (Allowances and Other Disbursements). It appears that the local erroneously reported these payments in Item 54. Further, on July 8, 2022, Kay Lehman withdrew \$5,500 for a membership drive. This disbursement must be reported in Item 24.

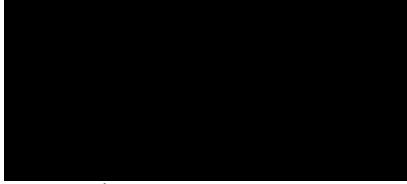
The union must report most direct disbursements to Local 286 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions 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).

I am not requiring that Local 286 file an amended LM report for 2022 to correct the deficient items, but Local 286 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 286 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: Mary Light, President via email to: gnmlight@msn.com
Tim Bracht, Vice President