



August 2, 2013

Violetta Diamond, Secretary-Treasurer
APWU Local 72
3829 Carnegie Ave.
Cleveland, OH 44115

Case Number: 360-16354-
LM Number: 087819

Dear Violetta Diamond:

This office has recently completed an audit of APWU Local 72 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 on May 23, 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.

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-2 filed by Local 72 for the fiscal year ended December 31, 2011 was deficient in the following areas:

1. Failure to Itemize Disbursement

Local 72 did not properly report a "major" transaction in Schedule 18. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. An itemized disbursement was required for the vendor of CCT Financial, as it had received more than \$5,000 in 2011. Also, Section B of the itemized listings of Schedules 15-19 requires a more complete explanation of the type or classification of the expenditures.

2. Disbursements to Officers

Salary disbursements to officers and employees were reported in net amounts. Payments under column D of schedules 11 and 12 are to be reported in gross or pre tax amounts.

Payments received by the union's president for allowances (item 11E) and disbursements for official business (item 11F) were underreported. Total non-salary payments to the president were reported as \$7,751, but the audit calculation revealed that President Freeman

received an amount greater than \$9,000. Also, allowances paid to the president were reported under item 12F verses item 12E.

3. Expenditure Reporting

The lease on the union copier was reported as the purchase of an asset (schedule 4) instead of as an expense.

I am not requiring that Local 72 file an amended LM report for 2011 to correct the deficient items, but Local 72 has agreed to properly report the deficient items on all future reports it files with OLMS.

4. 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 72 amended its constitution and bylaws in 2012, but did not file a copy with its LM report for that year.

Local 72 has now filed its current bylaws. No further action is required.

Other Issues

It is recommended that Local 72 conduct internal trustee audits which strengthen financial safeguards in regards to disbursements, credit card charges, the inventory of assets, and the sale of supplies.

I want to extend my personal appreciation to APWU Local 72 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: Daleo Freeman, President