



September 30, 2015

Mr. Mike Gallagher, Eastern Region Coordinator
American Postal Workers Union, AFL-CIO
Eastern Regional Office
1401 Liberty Place
Sicklerville, NJ 08081

Case Number: 140-6003515()
LM Number: 071-470

Dear Mr. Gallagher:

This office has recently completed an audit of Postal Workers Local 2061 under the Compliance Audit Program (CAP) to determine the 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 Local 0081 President Chuck Pugar on September 23, 2015, 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-4 was not filed by Local 2061 for the fiscal years ended December 31, 2013 and 2014. Also, the LM-4 filed by Local 2061 for fiscal years ended December 31, 2011 and 2012 were deficient in that the reports stated the local was covered by a \$5,000 surety bond when, in fact, a review of the union's records indicate that Local 2061 had no bonding coverage.

I am not requiring that Local 2061 file amended reports for the fiscal years ended December 31, 2011 and 2012. However the delinquent reports for fiscal years ended December 31, 2013 and 2014 have not been filed. I encourage Local 2061 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. If you choose to file paper reports, please submit the reports to this office, at the address above. Paper reports must be signed with original signatures. The delinquent LM-4 reports must be filed no later than October 22, 2015.

Recordkeeping Violation

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 2061's 2013 records revealed the following recordkeeping violation:

General Disbursements

Local 2061 did not retain adequate documentation for reimbursed expenses and payments to third party vendors. There was at least \$466.80 in disbursements for the fiscal year without 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 2061 is being merged into Local 0081, OLMS will take no further enforcement action at this time regarding the above violations.

I understand that as of September 22, 2015, the Local 2061 members voted to merge with Local 0081 and that there are at least two more steps which need to take place to complete the merger. I ask that the members of Local 2061 be apprised of the steps taken and completed regarding the merger so that their rights as union members are secure.

I want to extend my personal appreciation to Postal Workers Local 2061, Local 0081, and to you 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. Chuck Pugar, President
Ms. [REDACTED] former President