

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Philadelphia District Office  
170 S. Independence Mall West  
Room 760  
Philadelphia, PA 19106  
(215)861-4818 Fax: (215)861-4819



February 28, 2008

Mr. Bernard Ogozalek, President  
Postal Workers, American (APWU), AFL-CIO  
Local 268 (Lehigh Valley Area)  
P.O. Box 22122  
Lehigh Valley, PA 18002

LM File Number 506-375  
Case Number: [REDACTED]

Dear Mr. Ogozalek:

This office has recently completed an audit of 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 on March 3, 2008, 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 the Lehigh Valley Area Local's 2006 records revealed the following recordkeeping violations:

1. Meal Expenses

The local did not consistently require officers to submit itemized receipts for meal expenses. The union must maintain itemized receipts provided by restaurants to the officers. These itemized receipts are necessary to determine if such disbursements are for union purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

The locals records of meal expenses did not always include written explanations of union business conducted nor did they always include the names and titles of the persons incurring the restaurant charges. For example, the receipt maintained for a charge of \$33.14 incurred at the Macaroni Grill in Harrisburg, PA on November 5, 2006 was not itemized. The records retained for the expense does not identify the union business conducted that required the expense to be incurred or the titles of the persons in attendance. 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 incurred meal expense.

2. Lost Wages

The Lehigh Valley Area Local did not consistently retain adequate documentation for lost wage reimbursement payments to its officers. On several occasions, a voucher was not supplied explaining the purpose of the leave without pay. 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 OLMS audit found that the Local did retain PS Form 3971 however, the submitted payroll vouchers were not consistent in explaining the union business conducted. For example, Clerk Craft Director Leroy

Moyer submitted a PS Form 3917 for 24 hours from September 26-29, 2006. The voucher did not adequately describe the union business conducted only as an "officer expense."

### 3. Disposition of Property

The Lehigh Valley Area Local did maintain an inventory of watches, bibles and other property it purchased, sold, or gave away. However, the union did not 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.

Based on your assurance that the Local 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 the Local for fiscal year ending December 31, 2006, was deficient in the following areas:

#### 1. Acquire/Dispose of Property

Item 13 [LM-3] (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 bibles and watches totaling more than \$5,000 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." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

I am not requiring that the Local file an amended LM report for 2006 to correct the deficient items, but the Local has agreed to properly report the deficient items on all future reports it files with OLMS.

2. 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. The Lehigh Valley Area Local amended its constitution and bylaws in April 2005, but did not file a copy with its LM report for that year.

The Lehigh Valley Area Local has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation 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: Lois Pearsall, Treasurer