



August 16, 2013

Mr. Zeddie Ramage, President
APWU Local 339
[REDACTED]

Case Number: 530-10485 [REDACTED]
LM Number: 072280

Dear Mr. Ramage:

This office has recently completed an audit of APWU Local 339 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 Treasurer Milton Lewis on July 19, 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.

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 339's 2011 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 339 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Treasurer Alexander totaling at least \$1,900. For example, there was no receipt for a dell laptop purchase.

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. Lost Wages

Local 339 did not retain adequate documentation for lost wage payments to Treasurer Alexander totaling at least \$2,500. 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 Local 339 did not identify union business conducted for over 90 hours of lost wages.

Local 339 should always require USPS Form 3971 or an equivalent form to record the dates, hours, and reason for the leave of absence and union business conducted.

3. Receipt Dates not Recorded

Local 339 does not retain a receipts journal or otherwise record the date the union received and deposited money. 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.

Based on your assurance that Local 339 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 339 for the fiscal year ended December 31, 2011, 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 party tickets and cash 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.

2. Disbursements to Officers (LM-3)

Local 339 did not report the total amounts of payments to any officer or on their behalf in Item 24 (All Officers and Disbursements to Officers). Payments totaling over \$5,000 were not reported for President Ramage and Treasurer Alexander. The union must report most direct disbursements to Local 339 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).

3. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

4. Failure to Report Receipts and Improperly Reported Receipts

Local 339 received nearly \$17,000 from the sale of holiday party tickets, a portion of which was improperly reported on Form LM-3, Line 38 – Dues. Local 339 did not report nearly \$10,000 of these ticket sales because Local 339 only reported the portion it deposited. All ticket sales should be reported on Form LM-3 Line 43 – Other Receipts.

5. 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 339 amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year.

Local 339 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 339 file an amended LM report for 2011 to correct the deficient items, but Local 339 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Local 339's officers and employees are currently bonded for \$35,000, but they must be bonded for at least \$48,000. Local 339 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than August 30, 2013.

I want to extend my personal appreciation to APWU Local 339 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