



June 22, 2018

Mr. John Shea, President  
Postal Workers, American, AFL-CIO, Local 360  
P.O. Box 632  
LaCrosse, WI 54602-0632

Case Number: 320-6012568 [REDACTED]  
LM Number: 092613

Dear Mr. Shea:

This office has recently completed an audit of American Postal Workers (APWU) Local 360 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 Secretary Treasurer Kelvin Janecek on June 7, 2018, 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 360's 2016 records revealed the following recordkeeping violations:

1. Failure to Retain Disbursement Documentation

Local 360 did not retain adequate documentation for disbursements totaling over \$60 during the audit year. Local 360 retained no documentation for \$42.18 check, check

██████ to Pizza King or for a United States Post Office expense totaling \$19 charged to the union credit card on September 16, 2016, which is not sufficient.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. In the case of credit card purchases, unions must retain both the credit card statement as well as individual credit card receipts for each purchase. 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. Authorization for Multiple Salaries

Local 360 did not maintain records to verify that the salaries reported in 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported.

During the organizational interview, you and Mr. Janecek advised that Local 360 allows officers to be compensated for more than one position. The audit revealed that you and former Vice President Jim Teal hold/held multiple positions within Local 360 and received compensation for each position. In addition to president and vice president, you and Mr. Teal also held the positions of Maintenance Craft Director and Clerk Craft Director, respectively. Article X, Section 9 of the Local 360 bylaws provides that a member may serve in only one elected position, except the President, Vice President, or Secretary Treasurer may serve as Craft Directors for their respective Craft, but may cast only one vote at the Executive Board Meetings. The bylaws also provide for an annual salary for each position, including \$1,500 per year as president, \$600 per year as vice president, and \$300 per year for each of the craft director positions. However, the bylaws do not specifically authorize nor specifically prohibit the payment of multiple salaries to those who hold more than one position, nor does the local maintain any other documentation that provides clear authorization for officers to receive more than one salary.

The union must keep a record, such as meeting minutes, to show the current salary (including provisions for receiving salaries for multiple positions) authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 360 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(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 360 amended its constitution and bylaws in 2010 but did not file a copy with its LM report for that year. Local 360 has now filed a copy of its constitution and bylaws.

The audit also 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 360 for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. Other Receipts (Item 43)

During the audit year, Local 360 received \$261 in miscellaneous receipts, including proceeds from the sale of speakers as well as a health plan rebate from the APWU. However, Local 360 reported only \$131 in Item 43 (Other Receipts) and erroneously reported the additional \$130 as dues in Item 38 (Dues).

All receipts must be reported in the appropriate reporting category in Statement B (Receipts and Disbursements) of the LM-3 Report. Miscellaneous receipts, such as the \$261 received by Local 360 during the audit year, do not meet the criteria to be reported in the specific receipt reporting categories represented in line items 38-42; therefore, these receipts must be reported as other receipts in Item 43.

2. Disbursements to Officers

Local 360 did not include reimbursements to Mr. Janecek totaling over \$80 in the amounts reported Item 24 (All Officers and Disbursements to Officers). The audit disclosed that Mr. Janecek received reimbursement for the purchase of items such as stamps and greeting cards during the audit year; however, Local 360 reported \$0 in Column E (Allowances and Other Disbursements) next to his name. It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expenses).

The union must report most direct disbursements to Local 360 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 for room rent only) 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 360 file an amended LM report for 2016 to correct the deficient items, but Local 360 has agreed to properly report the deficient items on all future reports it files with OLMS.

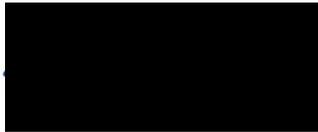
Other Issue

## Credit Card Policy

The audit revealed that Local 360 disbursed almost \$400 to Associated Bank for credit card purchases incurred by you during 2016. During the exit interview, you confirmed that Local 360 has no written policy governing the use of the credit card. To ensure compliance with the LMRDA and to safeguard union assets by promoting transparency and accountability, labor organizations should establish a written policy that outlines the best practices for monitoring credit card use and administering payments within your union. OLMS recommends that unions (1) adopt clear policies and procedures for credit card use and payment, (2) maintain detailed documentation to support each credit card charge and credit card payment, and (3) regularly monitor compliance with the established credit card policies and procedures.

I want to extend my personal appreciation to APWU Local 360 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,

A large black rectangular redaction box covering the signature of the investigator.A smaller black rectangular redaction box covering the name of the investigator.

Investigator

cc: Mr. Kelvin Janecek, Secretary Treasurer