

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 24, 2007

Ms. Kelly A. Sullivan, Secretary-Treasurer
APWU Rhode Island State Association
49 Keats Dr.
North Kingstown, RI 02852

LM File Number: 507-328
Case Number: [REDACTED]

Dear Ms. Sullivan:

This office has recently completed an audit of APWU Rhode Island State Association 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 President Dennis Logan on September 20, 2007, 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 APWU Rhode Island State Association's 2006 records revealed the following recordkeeping violations:

1. Failure to Maintain Receipt Records

The Rhode Island State Association did not maintain many of its dues income check stubs, national union rebate check stubs, and bank deposit receipts for the audit year. For example, the union failed to maintain deposit slips concerning eight bank deposits made during the audit year. The union is responsible for maintaining all bank records, as well as all other receipt records, for a minimum of five years.

2. Receipt Dates not Recorded

Entries in the State Association's register report reflect the date the union deposited money, but not the date money was received. 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 the APWU Rhode Island State Association 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 Rhode Island State Association for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Failure to Report Bond

The APWU Rhode Island State Association did not properly report the amount recoverable under its fidelity bond in Item 20 of Labor Organization Annual Report Form LM-3. The audit disclosed that your union does, in fact, maintain coverage under a bond administered by the APWU national body.

2. Failure to Record Receipts

The APWU Rhode Island State Association did not properly report its income for the fiscal year ending December 31, 2006. The union failed to report any receipts in Statement B of Labor Organization Annual Report Form LM-3. Instructions for Statement B indicate that the purpose of Statement B is to report the flow of cash in and out of your organization during the reporting period. The State Association should enter the total dues received from employer check-off payments in Item 38 "Dues," the total amount of interest received from its checking and savings accounts in Item 41 "Interest & Dividends," and the total amount of rebates from the national body in Item 43 "Other Receipts."

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 Adopt and File Constitution and 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 APWU Rhode Island State Association drafted a constitution in conjunction with its chartering in 2002. The constitution has not yet been approved, nor has a copy of it been filed with the Secretary of Labor. As agreed, the State Association will file a copy of its current constitution and bylaws with OLMS as soon as possible after its upcoming convention, but not later than October 26, 2007.

The APWU Rhode Island State Association must file an amended Form LM-3 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. OLMS provided you with a blank form and instructions, and advised you that the reporting

forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than October 5, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

The audit disclosed the following 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.

The APWU Rhode Island State Association's officers and employees are currently bonded for \$2,500, but they must be bonded for at least \$3,952. The State Association 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 October 5, 2007.

2. Failure to Hold Regular Election of Officers

The union failed to hold its regular election of officers within the maximum time frame allotted Section 401(d) of the LMRDA. According to the LMRDA, officers of intermediate bodies, such as general committees, system boards, joint boards, or joint councils shall be elected not less often than once every four years by secret ballot among the members in good standing or by labor organization officers representative of such members who have been elected by secret ballot.

Based on your assurance that the APWU Rhode Island State Association will hold a regular election of officers at its upcoming convention and will notify this office of the newly elected members as soon as possible, but not later than October 26, 2007, OLMS will take no further enforcement action at this time regarding the above violation.

I want to extend my personal appreciation to APWU Rhode Island State Association 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,

Mark Letizi
District Director

cc: Mr. Dennis Logan, President