



February 22, 2019

Mrs. Anne Manimalethu, Secretary-Treasurer
Postal Workers, American, AFL-CIO
North Jersey Area Local 190
1080 Route 46 West
Clifton, NJ 07013

Case Number: 130-6010179 [REDACTED]
LM Number: 509-864

Dear Secretary-Treasurer Manimalethu:

This office has recently completed an audit of American Postal Workers Union (APWU) North Jersey Area Local 190 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 May 23, 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 190's 2016 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 190's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, in August 2016 during the APWU Convention held in Orlando, FL, the officers incurred meal expenses on the local's credit card but there were no identifying information or union purpose written on the receipts. You explained that it is past practice for the local's executive board to dine together at the Sheraton Hotel and United Vista On Board Cruise at least twice to discuss union matters. 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 or employees incurred meal expenses.

2. Failure to Record Receipts

Local 190 did not record in its Quick Books receipts journal some payments received for members' purchase of movie tickets of at least and COPA raffle tickets of at least \$2100. For example, there were no entries in the local's Quick Books for the amount received by the local regarding COPA raffle tickets purchased by members to which the grand prize was a Curve Smart HD television set. The local maintained supporting documentation to reflect union credit card purchase of television (\$1284) and postal money order receipt (\$826) made payable to COPA for the remaining funds, and identification of member who won raffle in the general membership meeting sign-in log. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. Also, when the local sells raffle and movie tickets the local should maintain a record identifying raffle or movie ticket stub number, member's name, date of purchase, total amount of raffle/tickets, prize (if raffle), total amount received for raffle or movie tickets sold entered in receipts ledger and deposited in the local's operating account (mandatory).

Based on your assurance that Local 190 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-2 filed by Local 190 for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. Failure to Report Dues Rebates in Item 48 Other Receipts

Local 190 inadvertently entered dues rebates forwarded by APWU International Dues and Agency Fees. This is inaccurate because only dues payments directly received by a local are entered in Item 38 Dues and Agency Fees. However, APWU National receives dues payments from the employer, United States Post Office, on behalf of the Local 190

membership. Then, APWU National forwards dues rebates to the local after per capita taxes and other related funds are deducted from dues payments. As such, Local 190 receives dues rebates as receipts which must be entered in Item 48 Other Receipts. Additionally, the local must report only the total amount of funds received by APWU National excluding payments previously deducted prior to remitting dues rebates to Local 190. For example, Local 190 added in the dues rebates officers TSP withdrawals which were already deducted before forwarded to the local.

Lastly, during the audit year the local's financial records reflected several inter-fund transfers to and from the local's various checking accounts. Fund transfers are not to be considered union receipts and should not be included in the calculations of total receipts. These issues may have resulted in the over reporting of the dues rebates by at least \$19,000 which the local inadvertently entered in Item 36 Dues and Agency Fees instead of the correct Item 48 Other Receipts on the 2016 Form LM-2.

2. Failure to enter correct total in Item 42 Rents (Receipts)

Local 190 included a fund transfer of at least \$1000 from the local's operating fund account to the holding account. This inadvertently increased the total amount of rent receipts from \$149,568 to \$150,568 during the audit year. Although the error was discovered and notated in the local QuickBooks journal entry in February 2017, the local failed to report the correct amount of \$149,568 in Item 42 Rent in Form LM-2 for fiscal year December 31, 2016. Fund transfers from one of your bank accounts into another of your bank accounts are not considered union receipts and should not be included in the calculations of total receipts.

3. Failure to correctly report sale of movie tickets in Item 48 Other Receipts

Local 190 inadvertently did not report the correct amount of movie tickets purchased by the membership in Item 48 Other Receipts. You provided supporting documentation that reflected the number of tickets purchased by the local and the remaining number of tickets which was used to compare the total amount of funds from ticket sales deposited in the local's bank account. Although the analysis identified the amount of money received from ticket sales which was deposited in the local's checking account, the local failed to accurately reflect the amount of movie ticket sales in Item 48 on the LM-2 Form for fiscal year 2016. As a result, the local underreported the amount by at least \$1,200.

Local 190 must file an amended Form LM-2 for the fiscal year ended December 31, 2016 to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 must be filed no later than March 8, 2019. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Local 190 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,

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Supervisory Investigator