



January 16, 2020

Mr. Jeff Riddell, President
Postal Workers, American, AFL-CIO
Local Union 1201
6100 Boulevard of Champions
North Lauderdale, FL 33068

Case Number: 410-6010236
LM Number: 072399

Dear Mr. Riddell,

This office has recently completed an audit of Postal Workers, American, AFL-CIO, Local Union 1201, under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA), 5 U.S.C. 7120, and the Department's regulations, 29 CFR 458. As discussed during the exit interview with you, Vice President Sandra Munoz, and Secretary-Treasurer Teresa Cunningham on December 16, 2019, 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.

Record Keeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 1201's 2018 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 1201 did not retain adequate documentation for credit card expenses incurred by President Riddell and Vice President Munoz totaling at least \$617. For example, the local did not retain adequate supporting documentation for its' recurring monthly and annual credit card charges. There was no supporting documentation for the monthly \$50 charge for a Wi-Fi hotspot or the \$99 annual charge for cloud backup of the local's computers. Adequate supporting documentation was not retained for a \$245.10 charge President Riddell made at the Westin Convention Center in Pittsburgh, PA on August 18, 2018 for the APWU National Convention. Local 1201 only retained a credit card statements in support of these expenses.

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. Meal Expenses

Local 1201'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, a receipt retained for a \$ 113.45 meal expense incurred by President Riddell at Carrabba's Italian Grill in Ft. Myers, FL on October 17, 2018 did not include the nature of the union business conducted and the full names and titles of those present on the receipt.

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 in order to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206. The records retained must also identify the names of the restaurants where the officers or employees incurred meal expenses.

Reporting Violations

Pursuant to 29 C.F.R., Section 458.3, the reporting requirement under 29 C.F.R. Section 403.2 (see Section 201(b) of the Labor-Management Reporting and Disclosure Act (LMRDA) is made applicable to labor organizations subject to the requirements of the CSRA. This provision requires labor organizations to file annual financial reports that accurately disclose their financial condition and operations. The audit disclosed a violation of this requirement. The Labor Organization Annual Report (Form LM-2) filed by Local 1201 for the fiscal year ended December 31, 2018 was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 (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 raffle prizes totaling more than \$1,000 at the monthly membership meetings. 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.”

2. Disbursements to Officers and Employees

Local 1201 did not include some reimbursements to officers and employees / payments to officers and employees totaling at least \$ 550 in Schedule 11 (All Officers and Disbursements to Officers). The audit revealed payments totaling at least \$2,350 were disbursed to Editor/Recording Secretary Diane North; however, the union reported payments totaling only \$1,800.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

I am not requiring that Local 1201 file an amended LM report for 2018 to correct the deficient items, but Local 1201 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to APWU Local 1201 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,



Investigator

cc: Ms. Sandra Munoz, Vice President
Ms. Teresa Cunningham, Secretary-Treasurer