



November 6, 2020

Ms. Laura Castro, President
American Postal Workers Union, AFL-CIO
Local 739
P.O. Box 21212
Waco, TX 76702

Case Number: 420-6019879 [REDACTED]
LM Number: 506117

Dear Ms. Castro:

This office has recently completed an audit of American Postal Workers Union, AFL-CIO (APWU) Local 739 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 November 3, 2020, 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 739's 2019 records revealed the following recordkeeping violations:

1. Failure to Maintain Voided Checks

During the audit period, the local failed to maintain voided checks, [REDACTED] written to USPS and [REDACTED] written to TX AFL-CIO, which did not clear the bank.

2. Failure to Record Meeting Minutes

During the audit, Ms. Castro advised OLMS that the executive board held informal meetings prior to membership meetings. Minutes of all membership or executive board meetings must be taken and report any disbursement authorizations made at those meetings.

Based on your assurance that Local 739 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 739 for the fiscal year ended April 30, 2019, was deficient in that or deficient in the following area:

Disbursements to Officers

Local 739 did not include two reimbursements to the former treasurer totaling at least \$399.19 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Reimbursements paid to current President and former Treasurer Laura Castro for office supplies on a grievance in the amount of \$297.65 and postage in the amount of \$101.54 must be included in Column E (Allowances and Other Disbursements).

The union must report most direct disbursements to Local 739 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).

Local 739 has electronically filed an amended LM-3 for the fiscal year ended April 30, 2019 correcting the deficient items discussed above.

Other Issue

Local 739 has a Mastercard credit card with the name of the prior president. It is recommended the local have the credit card account and card updated to properly

reflect the current president or treasurer's name. It is also recommended the local put in place a policy on the use of the credit card.

I provided OLMS Compliance Tip, Union Credit Card Policy, which provides guidance on adopting a policy and procedures of a union credit card.

I want to extend my personal appreciation to APWU Local 739 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 solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Ms. Lorie Thomas, Treasurer