

**U.S. Department of Labor**

Employment Standards Administration  
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July 31, 2009

Mr. LeRoy Moyer, President  
Postal Workers, American, AFL-CIO  
Local 375  
3521 Mulberry Church Road  
Charlotte, NC 28208

LM File Number 506-001  
Case Number: [REDACTED]

Dear Mr. Moyer:

This office has recently completed an audit of APWU Local 375 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 Secretary Treasurer Wayne Carelock and you on July 30, 2009, 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 375's 2008 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 375 did not maintain an inventory of shirts it purchased and gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

2. Receipt Dates not Recorded

Entries in Local 375's receipts journal in QuickBooks reflects 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-2. The LM-2 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 Local 375 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 375 for fiscal year ending December 31, 2008, 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 away union shirts and disposed of fixed assets (through means other than sale) totaling more than \$34,136 during the year. 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." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers and Employees (LM-2)

Local 375 did not include some reimbursements to officers and employees totaling at least \$6,227 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

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.

3. Other Receipts

Local 375 did not correctly report receipts from the national union for reimbursement for per capita paid by the local to the North Carolina AFL-CIO. This amount appears to have been erroneously reported in Item 46, On Behalf of Affiliates for Transmittal to Them. The union must report in Schedule 14 receipts from all sources during the reporting period, other than those that must be reported elsewhere in Statement B, including funds received from a parent body. Further, the amount reported appears to be a major receipt (over \$5,000) and as such required that the local complete an Itemization Page with the full name, address, and description of the purpose of the receipt.

4. Union Administration

Local 375 did not correctly report a \$300 disbursement for entertainment for the union picnic. This amount appears to have been erroneously reported in Item 64, On Behalf of Individual Members. The union must report in Schedule 19, Union Administration, those disbursements to all entities and individuals during the reporting period associated with union administration, including disbursements relating to union membership meetings.

I am not requiring that Local 375 file an amended LM report for 2008 to correct the deficient items, but Local 375 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Use of Signature Stamp

During the audit, you advised that it is Local 375's practice for you and Secretary Treasurer Wayne Carelock to sign all union checks. You further advised that you have a signature stamp and Mr. Carelock has used it on one occasion to stamp your signature on union checks. Article VII of Local 375's bylaws requires that checks be signed by the president and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two

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signature requirement. OLMS recommends that Local 375 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to APWU Local 375 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,



Lead Investigator

cc: Wayne Carelock, Secretary Treasurer