

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Minneapolis Resident Office
900 Second Avenue South, Room 450
Minneapolis, MN 55402
(612) 370-3111 / FAX: (612) 370-3107



March 23, 2005

Mr. Stephen Brooks, President
American Postal Workers, Local 7019
2825 Lone Oak Parkway
Eagan, MN 55121-9100

Re: 2

Dear Mr. Brooks:

This office has recently completed an audit of APWU, Local 7019 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, Financial Secretary Jack Loewen, and Vice President Curtis Hennes on the above date, 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 record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained.

The following record keeping violations were revealed during the audit of Local 7019's 2004 records:

1. Local 7019 failed to maintain adequate documentation for several disbursements. As examples, check #10682 for \$200.00 and #12102 for \$100.00 were issued to (b)(7)(C) and (b)(7)(C) in March and December of 2004 (respectively) to purchase gifts to be given away at union events, but no documentation was retained in support of those disbursements.

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

American Postal Workers Local 7019

March 23, 2005

Page 2 of 3

2. Local 7019 failed to retain an inventory of hats, jackets, and other union property which was purchased and sold or given away. Records must be retained which account for all union property. In the case of union hats, jackets and other items sold to members, the date and amount received from every sale must be recorded in at least one record. The detail of records required to be maintained for items given away is somewhat dependant upon the manner in which the property is given to members. For example, if the union gives away hats, jackets, or other items to members at meetings, the union could satisfy its record keeping responsibilities by recording in meeting minutes the names of individuals who received items and the items given away.
3. Local 7019 failed to record in its records some checks received from members related to the union banquet at Treasure Island and from candy sales. Local 7019 recorded the amounts received on a piece of paper, but failed to record the sources of the payments and the dates the amounts were received. Union receipts records must include an adequate identification of each receipt of money. The records should show the exact date that the money was received, the identity of the source of the money, and the individual amount received from each source.

As agreed, provided that Local 7019 maintain adequate documentation for its receipts and disbursements in the future, no additional enforcement action will be taken regarding this violation.

Reporting Violations

Local 7019 has not yet filed its Labor Organization Annual Report (Form LM-3) for fiscal year ending December 31, 2004. However, a review of the LM-3 filed for fiscal year ending 2003 revealed the following deficient items:

1. Local 7019 failed to include at least \$3,488.22 in reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). As the instructions for item 24 indicate, payments to or for officers must be separated between Gross Salary (column D) and Allowances and Other Disbursements (column E) for reporting purposes. In the case of Local 7019, reimbursed expenses paid by union check and indirect expenses charged to Local 7019's credit card were not reported in Item 24 (column E).

All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in Item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value.

An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) 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 Expenses).

American Postal Workers Local 7019
March 23, 2005
Page 3 of 3

2. Item 13 (Acquire any goods or property in any manner other than by purchase or dispose of any goods or property in any manner other than by sale) should have been answered "Yes" instead of "No," because the union gave hat, jackets, and other items during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report with the identity of the recipient(s) or donor of such property. In addition, for assets that were traded in, the cost, book value, and trade-in allowance must also be reported.

I want to extend my personal appreciation to you and President Brooks for your cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,



Investigator

cc: -- ✓

Jack Locwen, Treasurer