



May 1, 2012

Mr. Don Delgman, President
Postal Workers Local Union 1228
7195 49th Street
Pinellas Park, FL 33781-4404

Case Number: [REDACTED]
LM Number: 092067

Dear Mr. Delgman:

This office has recently completed an audit of Postal Workers Local Union 1228 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 1, 2012, 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 1228's 2010 records revealed the following recordkeeping violations:

1. Former Secretary Treasurer [REDACTED] was responsible for updating the union's financial records from January – November 2010. Within that period, [REDACTED] failed to retain 58 union checks and supporting vouchers, and [REDACTED] falsified the electronic records to conceal an additional 58 unauthorized salary checks that he negotiated.

Local 1228, learned of the theft, ordered an internal investigation that determined the value of the loss. Mr. Delgman and Mr. [REDACTED] entered into a contract for Mr. [REDACTED] to repay the union, which Mr. [REDACTED] satisfied. Local 1228 filed the appropriate amended LM-3 report that addressed the loss and unrecorded salary checks to [REDACTED].

The officers and employees already know to retain all financial records that support the LM report and enter all financial information for officers and employee.

Based on your assurance that Local 1228 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Recording 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 Amended Labor Organization Annual Report LM-3 filed by Local 1228 for the fiscal year ended December, 31, 2010, that was received on September 29, 2011, was deficient in the following areas:

1. APWU LU 1228 totals all funds received by officers that includes gross salary, indirect and direct disbursements. This information was placed inside Item 24(D), whereas salary received by each officer and employee should go inside Item 24(D). The rest of all funds received direct or indirect should be placed inside Item 24(E).

The union must report most direct disbursements to Local 1228 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).

- a. Former Secretary Treasurer [REDACTED] was responsible for updating the union's financial records from January – November 2010. Within that period, [REDACTED] received \$29,612 not the listed \$4,870 in item 24(F). The amended LM for FY 2010 should have read \$29,612 in item 24(F).

Local 1228 will file an amended LM-3 report addressing the proper union funds received by [REDACTED]. Therefore, item 24(D) should read \$4,870, item 24(E) should read \$24,342, and item 24(F) should read \$29,612.

For the other officers and employee, starting in fiscal year 2012, Local 1228 will properly itemize each officer salary, direct and indirect allowances on the LM report.

Other Violations

The audit disclosed the following other violation(s):

1. Embezzlement

From March – November 2010, [REDACTED] embezzled \$29,612.44 in union funds.

Local 1228, learned of the theft and ordered an internal investigation that determined the value of the loss. Mr. Delgman and Mr. [REDACTED] entered into a legal agreement for Mr. [REDACTED] to repay the union, which Mr. [REDACTED] satisfied. Local 1228 filed the appropriate amended LM-3 report that addressed the loss and unrecorded salary checks to [REDACTED]. Local 1228 was advised to contact DOL/OLMS before making arrangements with officers and employees who admit to committing a crime.

OLMS will take no further enforcement action at this time regarding the above violation.

2. Other

- a. The audit that located the theft by [REDACTED] also located overpayments to former President and current National Representative [REDACTED]. The audit committee and executive board determined that Mr. [REDACTED] owed the union \$468.04. The \$468.04 was from [REDACTED] overbilling the local union \$200.84 in meals and receiving four days of pay while running for national representative for APWU. The four days equaled \$268.04. Mr. Delgman and Mr. [REDACTED] entered into a contract for Mr. [REDACTED] to repay the union.

On July 12, 2011, [REDACTED] endorsed a personal check to APWU 1228 for \$468.04.

OLMS will take no further enforcement action at this time regarding the above violation.

- b. On November 16, 2011, Mr. [REDACTED] deposited \$30,000 into Local 1228 bank account that satisfied his contract between himself and the union. However, this re-payment was not accounted for on the amended LM report.

Local 1228 will file an amended LM-3 for the \$30,000 paid to Local 1228. In item 43, the current value of \$4,681 should read \$34,681.

Local 1228 must file an amended Form LM-3 for the fiscal year ended December 31, 2010, to correct the deficient items discussed above. I encourage Local 1228 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website

at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than May 18, 2012, or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to Postal Workers Local Union 1228 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 large black rectangular redaction box covering the signature of the investigator.

Investigator