

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Boston District Office  
Room E-365  
JFK Federal Building  
Boston, MA 02203  
(617)624-6690 Fax: (617)624-6606



August 28,2008

Mr. Ronald Jordan, Local President  
APWU  
Local 755  
PO Box 177  
Easthampton, MA 01027

LM File Number 092-588  
Case Number: [REDACTED]

Dear Mr. Jordan:

This office has recently completed an audit of APWU Local 755 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 August 27,2008, 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.

The CAP disclosed recordkeeping violations, reporting violations, and other issues.

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 755's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 755 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$3,938. For example, lost wage payments, hotel and other conference expenses, office supplies, postage, and other reimbursed expenses.

As previously 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 755 did not require officers to submit itemized receipts for meal expenses totaling at least \$300. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 755 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, meal expenses incurred by union officers while in attendance at the APWU National Convention and while on other official union business did not include written explanations. 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. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Other Expenses

Local 755 did not retain adequate documentation for local expenses and credit card expenses totaling at least \$10,755. These expenses included: hotels for union conferences; professional fees paid for accounting services; gifts of door prizes and flowers to members; federal and state tax payments; annual meeting expenses; and office and administrative expenses including internet and internet service provider services, and the local's post office box rental fee.

As previously 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 maintain union records.

4. Receipt Dates Not Recorded

Entries in Local 755's general ledger reflect 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-3. The LM-3 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.

5. Other Receipts

Local 755 did not retain adequate documentation for local receipts totaling at least \$1,250. These receipts included: new member rebates received from the local's international, payments from members for the local's annual banquet, and other receipts.

As previously noted above, labor organizations must retain at least one record showing the date, amount, purpose, and source of money received. 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.

6. Lack of Salary Authorization

Local 755 did not maintain records to verify that at least \$3,569 of the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 were the authorized amounts and therefore were correctly reported. Specifically, Local 755 did not maintain records to verify Article 6, Section 7(2) of the local's constitution, which states: [Each officer] will also receive an additional \$2.00 per bargaining unit member per month above the base [of up to 15 members of the bargaining unit represented by the APWU]. This may include representing post offices outside their own." The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

7. Lack of Meeting Minutes

Local 755 did not maintain its 2006 fourth quarter local meeting minutes. Minutes of all membership or executive board meetings must be maintained to verify disbursement authorizations made at those meetings.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 755's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that Local 755 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-3) filed by Local 755 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers

Local 755 did not include some salary or reimbursement payments to officers totaling at least \$8,295 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 46 (Employees) and Item 48 (Office and Administrative Expenses).

Also, Local 755 did not report the names and the total amounts of payments to or on the behalf of the local's five installation stewards in Item 24 (All Officers and Disbursements to Officers). According to Article 5, Section 1 of Local 755's constitution, the local's officers include: president-chief steward, executive vice president, secretary-treasurer, and one steward from each installation with-in the area local with at least five people. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 755 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).

2. Failure to Report Receipts and Disbursements

Local 755 did not report at least \$1,135 in local receipts and \$1,135 in local disbursements in Statement B of the local's LM-3 filed for the fiscal year ending December 31, 2006. The Statement B instructions state that receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization.

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 755 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

Local 755 has now filed a copy of its constitution and bylaws.

Local 755 must file an amended Form LM-3 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than September 19, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Counter-Signing All Checks

According to Article 6, Sections 1 and 3 of Local 755's constitution, the local's president and secretary-treasurer are required to counter-sign all checks. Currently, Local 755 is not requiring all checks be counter-signed. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a document. OLMS recommends that Local 755 review these procedures to improve internal control of union funds.

Mr. Ronald Jordan  
August 28, 2008  
Page 7 of 7

I want to extend my personal appreciation to APWU Local 755 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,

Mark Letizi  
District Director

cc: Secretary-Treasurer Jack Han