

**U.S. Department of Labor**

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November 4, 2008

Mr. Jason Cupps, Treasurer  
Postal Mail Handlers (LIUNA)  
Local 324  
2601 S. Purdue  
OKC, OK 73128

LM File Number 512-138  
Case Number: [REDACTED]

Dear Mr. Cupps:

This office has recently completed an audit of Local 324 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 and President Abraham Calamease on October 9, 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.

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 324's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 324 did not retain adequate documentation for reimbursed expenses incurred by President Abraham Calamease totaling at least \$3,335 and Treasurer Jason Cupps totaling at least \$1,064. For example, two of Cupps' lost time vouchers and three of Calamease's lost time vouchers were missing from Local 324's 2007 records.

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 324's 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, President Calamease used the union credit card to purchase meals for stewards, the Executive Board, and for various union officers but failed to document the purpose or the attendees of the meals. 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. Further, the union must maintain itemized meal 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.

3. Lack of Fixed Asset Inventory

Local 324 failed to maintain an inventory of their fixed assets. Records must be maintained that account for all union property. In the case of union furniture or equipment, a record should include the date of purchase and cost and value of each item.

Based on your assurance that Local 324 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 324 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Number of Members

Local 324 failed to report the total number of members in Item 19 of their 2007 LM-3 report. Local 324 reported 277 members on their 2007 LM-3 report but in the opening interview for this audit, you stated that there were presently about 321 members and that the number of members reported on Local 324's 2007 LM-3 report was wrong.

2. Next Regular Election Date

Local 324 failed to report the correct date of their next election in Item 22 of their 2007 LM-3 report. Local 324 reported June 2008 as the date of their next election when in fact the next election is in June 2009.

3. Disbursements to Officers

Local 324 did not include some reimbursements to officers totaling at least \$1,782 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It

appears the union erroneously reported these payments in either Item 48 Office and Administrative Expenses or Item 54 Other Disbursements.

The union must report most direct disbursements to Local 324 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).

#### 4. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Also, it appears that Local 324 failed to report all of their disbursements in Items 45-55 because Item 25A plus Item 44 minus Item 55 does not equal Item 25B. According to that calculation, Local 324's cash is short by \$51,921 which appears to be a combination of incorrect cash figures reported in Items 25A and 25B and some disbursements not being reported in Items 45-55.

#### 5. 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 324 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year. Local 324 has now filed a copy of its constitution and bylaws.

Local 324 must file an amended Form LM-3 for fiscal year ending December 31, 2007, 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 November 14, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

#### Other Issues

##### 1. Expense Policy

As I discussed during the exit interview, the audit revealed that Local 324 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

##### 2. Overpayment of Expenses

The audit uncovered that President Abraham Calamease was reimbursed for \$53.81 of union related meals that he paid for with the union credit card. In addition, there was a \$15 charge on the union credit card that appeared to not be union related. President Calamease explained that he has a personal credit card that looks just like the union credit card and has occasionally inadvertently used the union credit card for personal expenses and later reimbursed the union for those expenses. Further, Calamease stated that he no longer carries his personal credit card along side the union's credit card. Calamease stated that he would repay the overpayment and send OLMS proof of the repayment.

I want to extend my personal appreciation to Local 324 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,



Investigator

cc: Abraham Calamease, President