

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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February 17, 2005

Sue Glaser, Secretary-Treasurer
American Postal Workers Union, Local 3463
PO Box 1495
Vancouver, Washington 98668-1495

Re: 2

Dear Ms. Glaser:

This office has recently completed an audit of the American Postal Workers Local 3463 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, as Amended (LMRDA). As discussed by Investigator Markham during the exit interview with you on February 11, 2005, 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.

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. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping deficiencies were revealed during the audit of Local 3463's FYE 12/31/2003 records:

1. Union officers and/or employees failed to maintain receipts detailing the purchase of food at general membership meetings.

Specific instances discussed –

- LU 3463 had a general membership meeting for FYE 2003 in the months of February, March, April, May, September, October, November, and December. However, receipts from the food vendor (Pied Piper Pizza) were only maintained for the months of March, November, and December. It was discussed that all receipts for all disbursements (regardless of type) must be maintained by LU 3463.

2. LU 3463 failed to maintain receipts for all "cash" transactions that took place between members and LU 3463. 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.

Specific instances discussed –

- Members who would purchase "entertainment/dining club books" (\$15-\$20) with "cash" or "check" through LU 3463 were never given a receipt indicating that LU 3463 had received the cash and that the member had purchased a book. It was discussed that a receipt must be given to every member each time that a "cash" or "check" payment is made to LU 3463 for any expenses or purchases. LU 3463 was instructed to purchase a receipt book that is pre-numbered, used in sequential order, and retained in duplicate, in the interest of making the aforementioned practice of receipt distribution possible.

3. LU 3463 failed to maintain application materials for all of their "scholarship" recipients.

Specific instances discussed –

LU 3463 awarded four (4) \$500 scholarships to LU 3463 members' children during FYE 2003. However, LU 3463 only maintained three (3) of the four (4) recipients application packets. It was discussed that all application materials for all scholarship applicants must be maintained.

Other items-noted included:

Local 3463 erroneously recorded check #2205 as a disbursement, when in reality it was never cashed by the payee; check #2281 was erroneously recorded as being issued for \$650.00, but was actually issued and cleared the bank in the amount of \$676.28; check #2291 was erroneously recorded as being issued for \$75.30, but was actually issued and cleared the bank in the amount of \$73.30. In conjunction, LU 3463 erroneously recorded a deposit of \$195.00 on March 18, 2003 that was never recorded in any LU 3463 banking account; LU 3463 failed to record in the LU 3463 journal a deposit into LU 3463's checking account in the amount of \$934.66 on December 1, 2003. To correct the aforementioned problems, corrections need to be made in regards to annual receipts and disbursements.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 3463's LM report. You should be aware that Section 206 of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records. Section 209(c) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful destruction or falsification of records, and applies to any person (not just the individuals who are responsible for filing the union's LM report).

The CAP further disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 3463 for fiscal year ending December 31, 2003 failed to meet the standards of acceptability.

The following deficient items were identified:

1. LU 3463's assets for FYE 12/31/2003, were incorrectly categorized throughout items #25-31.

Specific instances discussed –

- A. LU 3463 erroneously listed item #25 (starting cash) as \$5,464. However, according to the LU 3463 balances as of 01/01/2003, LU 3463 had \$18,789.13 in available "cash."

LU 3463 inaccurately recorded the beginning cash in the checking account and failed to include the cash in their savings account, in the figure listed in Item #25. Subsequently Item #31 (Total Assets) was also incorrectly completed.

- B. LU 3463 erroneously listed item #31 (total assets) as \$15,622. However, according to the LU 3463 balances as of 01/01/2003, LU 3463 had \$18,789.13 in total assets.

2. LU 3463's receipts for FYE 12/31/2003, were incorrectly categorized throughout items #38-44.

Specific instances discussed –

- A. LU 3463 erroneously listed item #38 (dues) as \$24,086. However, according to the LU 3463 monthly checking account statements for FYE 12/31/2003, LU 3463 received \$25,060.90 in dues receipts from the US Postal Service and APWU.
- B. LU 3463 erroneously listed item #41 (interest & dividends) as \$65. However, according to the LU 3463 monthly savings account statements for FYE 12/31/2003, LU 3463 received \$51.85 in interest from
- C. LU 3463 erroneously listed item #43 (other receipts) as \$0. However, according to the LU 3463 monthly checking & savings account statements for FYE 12/31/2003, LU 3463 received \$3,033.00 in other receipts from various identifiable sources.
- D. LU 3463 erroneously listed item #44 (total receipts) as \$24,151. However, according to the LU 3463 monthly checking & savings account statements for FYE 12/31/2003, LU 3463 received \$28,145.75 in total receipts.

3. LU 3463's disbursements for FYE 12/31/2003, were incorrectly categorized throughout items #45-55.

Specific instances discussed –

- A. LU 3463 erroneously listed item #45 (to officers) as \$3,600. However, according to LU 3463 disbursement records and the 4 monthly checking account statements for FYE 12/31/2003, LU 3463 distributed \$13,807.51 to officers.

Both you and Mr. Zumwalt, President LU 3463, made LU 3463 purchases with personal funds for which you were reimbursed through the issuance of a LU 3463 check. None of these reimbursements were recorded in Item #24, but were instead recorded as "office expenses" and "other disbursements." It was discussed that all in-direct as well as direct expenses incurred by officers during the completion of their official duties must be accounted for and recorded under the officers, Item #24 "allowances and other disbursement" category.

- B. LU 3463 erroneously listed item #46 (to employees) as \$2,847. However, according to LU 3463 by-laws and meeting minutes, LU 3463 does not employ any employees, so item #46 should be listed as \$0.
- C. LU 3463 erroneously listed item #47 (per capita) as \$1140. However, according to monthly checking account statements for FYE 12/31/2003, LU 3463 distributed \$1151.40 to per capita.
- D. LU 3463 erroneously listed item #48 (office and admin expense) as \$776. However according to LU 3463 disbursement records and the 4 monthly checking account statements for FYE 12/31/2003, LU 3463 distributed \$490.23 in office and administrative expenses.
- E. LU 3463 erroneously listed item #51 (contributions, gifts, and grants) as \$3156. However, according to LU 3463 disbursement records and the 4 monthly checking account statements for FYE 12/31/2003, LU 3463 distributed \$2,394.62 in contributions, gifts, and grants.
- F. LU 3463 erroneously listed item #54 (other disbursements) as \$8656. However according to LU 3463 disbursement records and the 4 monthly checking account statements for FYE 12/31/2003, LU 3463 distributed \$10,751.67 in other disbursements.
- G. LU 3463 erroneously listed item #55 (total disbursements) as \$20,175. However, according to LU 3463 disbursement records and the y monthly checking account statements for FYE 12/31/2003, LU 3463 distributed \$28,595.43 in total disbursements.

It will be necessary for Local 3463 to file an amended LM-3 report for 2003 to correct the deficient items discussed above. The necessary reporting forms and instructions are enclosed for your use. You may also download the forms electronically from our website at www.dol.gov/esa/olms to complete the amended reports. One copy of the amended report should be submitted to this office at the above address as soon as possible, but no later than 03/10/05. Before mailing, review the reports thoroughly to be sure they are complete, accurate, and signed properly with original signatures.

Other issues which were discussed –

During the audit, Investigator [redacted] advised you that authorization of the allowance amounts paid to union officers could not be found in union records. I suggest that LU 3463 take steps to record the authorized allowance amounts by discussing them at a future meeting and recording them in meeting minutes or some other internal document. When the authorized salaries have been recorded in union records, I would appreciate it if you would forward a copy of the record documenting the authorization to me at the above address.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your successor at whatever time you may leave office.

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

Sincerely,



Michael Duvall
District Director