



August 23, 2018

Mr. George Longhini, President
Postal Workers, American, AFL-CIO, Local 90
[REDACTED]

Case Number: 320-6014327 [REDACTED]
LM Number: 092857

Dear Mr. Longhini:

This office has recently completed an audit of Postal Workers, American, AFL-CIO, (APWU) Local 90 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 20, 2018, 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.

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 90 for the fiscal year ended December 31, 2017 was deficient in the following areas:

1. Disbursements to Officers

Local 90 did not include reimbursements to officers totaling more than \$4,000 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). Accountant [REDACTED] confirmed that all reimbursements to officers were erroneously reported in Item 48 (Office and Administrative).

The union must report most direct disbursements to Local 90 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.

2. Certificate of Deposit Reported As Other Assets

Local 90 improperly included the value of a certificate of deposit as an other asset in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash and should be reported as such in Item 25 (Cash). The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements in Statement B (Receipts and Disbursements).

3. Cash Door Prizes

The audit revealed that Local 90 issued nine checks to members totaling \$400 for the purpose of cash door prizes that were awarded to members in attendance at monthly membership meetings. Accountant [REDACTED] confirmed these payments were erroneously reported in Item 51 (Contributions, Gifts and Grants) of the LM-3 Report. The LM-3 instructions state that the types of payments to be reported in Item 51 include all disbursements for contributions, gifts, and grants, such as charitable donations or contributions to scholarship funds. Disbursements for cash door prizes are most appropriately reported as other disbursements in Item 54 (Other Disbursements).

4. Netting Receipt and Disbursement Transactions

The audit found that on August 31, 2017, Local 90 disbursed a \$429.82 check to the Wisconsin Department of Revenue. The audit also revealed that Local 90 received a \$419.82 refund from the Wisconsin Department of Revenue on November 1, 2017. During the audit, Accountant [REDACTED] advised that the disbursement and receipt to and from the Wisconsin Department of Revenue were “netted” and as a result, Local 90 only reported a \$10 disbursement in Statement B (Receipts and Disbursements).

As discussed during the exit interview, the purpose of Statement B (Receipts and Disbursements) is to report the flow of cash in and out of your organization during the reporting period and therefore “netting” is not permitted. Local 90 must report every receipt that was received during the fiscal year, as well as all disbursements, in Statement B. If a receipt does not conform to one of the defined items in Statement B it must be included in Item 43 (Other Receipts).

5. Cash Reconciliation

The audit revealed that Local 90 failed to report at least \$420 in receipts (as described above) and at least \$691 in disbursements in Statement B. Accountant [REDACTED] confirmed that a figure of \$895 was “plugged” into Item 48 (Office and Administrative) in order to make the report reconcile.

As described noted above, the purpose of Statement B is to report the flow of cash in and out of your organization during the reporting period; therefore, arbitrarily “plugging” figures into

different categories of receipts and disbursements in Statement B is not permitted as this does not accurately reflect the union's financial activity for the reporting period.

6. 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 90 amended its constitution and bylaws in 2014, but did not file a copy with its LM report for that year.

Local 90 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to APWU Local 90 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,

[REDACTED]

[REDACTED]

Investigator

cc: Ms. Sara Thompson, Vice President
[REDACTED], Member