



American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

To: Resident Officers
Regional Coordinators
National Business Agents

From: Charlie Cash
Industrial Relations Director

Date: September 25, 2024

Re: NALC National Award: Direct Deposit Theft Case
APWU No. HQTG20230019; USPS No. 6X21C6XC23088825

Arbitrator Dennis Nolan issued an award on the NALC's national dispute over the Postal Service's liability for lost wages when its direct deposit system was compromised in 2022. The APWU and the Mail Handlers intervened in the case. Although crediting the unions' description of events and noting the hardship to individuals who lost money through the criminal direct deposit scam, Arbitrator Nolan found that the collective bargaining agreements did not clearly protect employees in this specific situation.

As the APWU recounted in its evidence, in December 2022, criminals scammed postal employees for their LITEBlue log in information and changed their direct deposit accounts to bank accounts owned by the criminals. About 1300 postal employees total (including supervisors and managers) lost \$1 million. The Postal Service recovered some of the stolen money before the criminals emptied their bank accounts, but dozens of postal employees never got their full lost pay back.

The NALC, APWU, and Mail Handlers each filed national disputes alleging that the Postal Service is contractually obligated to cover the loss of its employees' pay. The NALC's dispute came to arbitration first and the other unions intervened to put on a comprehensive case detailing the facts and the contractual claims.

Arbitrator Nolan focused on the meaning of "pay" in several contract articles, asking "[i]s it enough to make a direct deposit in the bank account on record, or must the Postal Service take further steps to make sure the employees actually receive the direct deposit money?" Arbitrator Nolan concluded that "the term 'pay' is ambiguous" in this situation and that "[i]t could fairly be applied either way." He ultimately concluded that while the unions' interpretation made sense, as the grieving party the NALC was obligated to show that "its interpretation is superior to that of the Postal Service." Despite the unions'

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evidence about the significant benefit to the Postal Service of employees using direct deposit and the hardship to individual employees who lost their pay checks, Arbitrator Nolan found that “the Postal Service [had not] violated any specific provision of the National Agreement by failing to pay employees after unauthorized access to LITEBlue resulted in changes to direct deposit information.” Based on this award, the Postal Service is not required to replace the stolen funds employees lost due to the direct deposit thefts.

It is important for postal employees to be aware that the Postal Service does not financially insure its direct deposit system. Losses within that system may be the responsibility of the employee. Postal employees always have the option to be paid by paper check rather than direct deposit and can change that designation at any time in PostalEase or by contacting HRSSC.

A handwritten signature in dark ink, appearing to read 'Charlie Cash', with a stylized, cursive script.

Charlie Cash
Industrial Relations Director

CC:jm | OPEIU #2 | AFL-CIO