

**U.S. Department of Labor**

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September 10, 2008

Mr. Daniel Yianakopolos, President  
National Association of Letter Carriers (NALC)  
Branch 44  
P.O. Box 4462  
Manchester, NH 03108-4662

LM File Number: 089-838  
Case Number: [REDACTED]

Dear Mr. Yianakopolos:

This office has recently completed an audit of NALC Branch 44 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 current Treasurer Timothy Roberts, [REDACTED], [REDACTED], and former Treasurer [REDACTED] on Wednesday, September 10, 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 Branch 44's records for 2006 revealed the following recordkeeping violation:

#### Failure to Record and Adequately Identify Receipts

Branch 44 did not record in its receipts records some employer dues check-off checks and other funds received in the amount of at least \$3,894.02. For example, although Branch 44 made a deposit of \$3,774.02 on October 23, 2006, the union did not record this deposit in its records. Additionally, the union did not maintain sufficient documentation to identify the source of at least \$826.00 in recorded receipts from cash deposits and merchandise sales. For example, the union did not clearly identify the source of \$486 received on May 15, 2006, marked "MDA." Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Branch 44 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 Branch 44 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Disbursements to Officers

Branch 44 did not include some reimbursements to officers totaling at least \$7,749.00 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements). For example, the union failed to report direct disbursements totaling at least \$1,096.00 to Treasurer [REDACTED] during the audit year. Review of Form LM-3 for the fiscal year ending December 31, 2007 also revealed that no expenses were reported in Item 24 (E) for Allowances and Other Disbursements to Officers.

Moreover, Branch 44 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). For example, Branch 44 did not report the names of its three trustees or its retirement appreciation fund officer, all of whom are members of the union's executive board, on the LM-3 for fiscal years ending both December 31, 2006 and December 31, 2007. 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 Branch 44 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 Properly Report Disbursements

Branch 44 failed to correctly report at least \$14,248.17 in indirect disbursements for temporary lodging and transportation by public carrier for union officers in Item 48 (Office and Administrative Expense) on the LM-3 for the fiscal year ending December 31, 2006. For example, check 3877 on April 21, 2006, for \$9,221.10 to Travel About for transportation to the NALC convention in Las Vegas, Nevada, appears to have been improperly reported, along with similar expenses, in Item 54 (Other Disbursements), while Branch 44 reported \$0 in Item 48 (Office and

Administrative Expense). Similarly, on the LM-3 for fiscal year ending December 31, 2007, Branch 44 reported \$0 in Item 48 (Office and Administrative Expense). It appears that office and administrative expenses were improperly included in the \$67,184 reported in Item 54 (Other Disbursements). Instructions for Item 24 (All Officers and Disbursements to Officers) explain that indirect disbursements for temporary lodging (room rent charges only) or transportation by public carrier necessary for conducting official business while an officer is in travel status should be reported in Item 48 (Office and Administrative Expense); however, charges other than room rent on hotel bills must be reported in Item 24, Column (E).

### 3. 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 with the bank statements. Item 25(b) (Cash at the End of Reporting Period) on the Form LM-3 for the fiscal year ending December 31, 2006, appears to have been under-reported by at least \$18,420. Form LM-3 for the fiscal year ending December 31, 2007, carries the incorrect ending balance from the 2006 report to the beginning balance for the 2007 report. 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.

The branch's reported beginning and end of year cash figures do not appear to include assets held in the union's Retirement Appreciation Fund. During the exit interview, union officials confirmed that the assets in the Retirement Appreciation Fund were not reported on Form LM-3 for the fiscal year ending December 31, 2007. Form LM-3 Instructions explain that the LM-3 must include financial information for all of the funds of your organization, even if they are not part of your organization's general treasury.

Additionally, the figures reported in Item 44 (Total Receipts) and Item 55 (Total Disbursements) of Statement B are not the accurate figures according to the union's books for the fiscal year ending December 31, 2006. Union books for the audit year indicate that the total receipts were under-reported by approximately \$6,709 and that total disbursements were under-reported by approximately \$6,783. The purpose of Statement B is to report the actual flow of cash in and out of your organization during the reporting period. Transfers between separate bank accounts or between special funds of your organization, such as vacation or strike funds, do not represent the flow of cash in and out of your organization. Therefore, these transfers should not be reported as receipts and disbursements of your organization.

### 4. 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. Branch 44 amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year. Branch 44 has now filed a copy of its constitution and bylaws.

Mr. Daniel Yianakopolos

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Branch 44 must file an amended Form LM-3 for its most recently completed fiscal year ending December 31, 2007, to correct the deficient items discussed above. The branch was provided with a blank form and instructions, and advised 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 24, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to NALC Branch 44 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 contact our office at (617) 624-6690.

Sincerely,

Mark Letizi  
District Director

cc: Timothy Roberts, current treasurer  
[REDACTED] former treasurer