



February 3, 2012

Mr. Brian Butterfield, Vice-President
Letter Carriers, National Association AFL CIO
Branch 542
P.O. Box 542
Norristown, PA 19404-0542

Case Number: [REDACTED]
LM Number: 081000

Dear Mr. Butterfield:

This office has recently completed an audit of Letter Carriers, National Association AFL CIO Branch 542 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 January 27, 2012, the following problems were disclosed during the CAP. This 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 records 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 542's 2010 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Branch 542 did not retain adequate documentation for reimbursed expenses incurred by Trustee Frank Pagouzas totaling \$50 for use of his personal cell phone while conducting union business.

As 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. Reimbursed Auto Expenses

On one occasion during 2010 you received reimbursement for business use of your personal vehicle, but did not retained adequate documentation to support the payment of \$59. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The records must also show the purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

3. Lack of Disbursement Documentation

Branch 542 did not retain adequate documentation for expenses incurred totaling \$9,041.75. For example; on April 6, 2010 the branch paid the Pennsylvania State Association \$68 for two tickets to a congressional breakfast, on August 22, 2010 \$573 was paid to Richon Incorporated for 135 calendars and a total of \$8,400 in monthly rent payments for the union hall was paid to [REDACTED] in 2010. Adequate documentation was not maintained for the \$9,041.75. A receipt or invoice should have been maintained showing the name of the vender or payee and the purpose for the payment. During the course of the audit a copy of the lease was obtained verifying the rent payments.

As 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.

Based on your assurance that Branch 542 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Letter Carriers, National Association AFL CIO Branch 542 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]

Investigator

cc: Mr. Richard Every, President