



June 23, 2015

Andre Washington, President  
National Association of Letter Carriers Branch 567  
P.O. Box 7408  
Alexandria, VA 22307

Case Number: 450-6003893( )  
LM Number: 090942

Dear Mr. Washington:

This office has recently completed an audit of National Association of Letter Carriers Branch 567 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, Vice President Francis Edwards, and Secretary-Treasurer Timothy Palmer on June 16, 2015, 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 567's 2014 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Branch 567 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers. For example, there were no receipts for disbursements

for food for membership meetings, United States Postal Service, PayPal, Staples, and for an EEOC training course.

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. Failure to Maintain Records

Branch 567 did not always maintain sufficient documentation regarding the 50/50 raffle held at the membership meetings. The records should include the date and amount of money collected, the winner of the raffle, and the amount of money disbursed.

Based on your assurance that Branch 567 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, LM-3, filed by Branch 567 for the fiscal year ending December 31, 2014, was deficient in the following areas:

#### 1. Disbursements to Officers

Branch 567 did not include some reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in other disbursement categories.

The union must report most direct disbursements to Branch 567 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 Report 50/50 Raffle Receipts and Disbursements

Branch 567 failed to report receipts and disbursements related to the 50/50 raffle held at membership meetings. Branch 567 should report all money collected from the 50/50 raffle

in Item 43 (Other Receipts) and report all disbursements related to the raffle in the appropriate disbursement categories.

Branch 567 must file an amended Form LM-3 for the fiscal year ending December 31, 2014, to correct the deficient items discussed above. I encourage Branch 567 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than July 9, 2015 or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

I want to extend my personal appreciation to National Association of Letter Carriers Branch 567 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,



Investigator

cc: Timothy Palmer, Secretary-Treasurer