



March 9, 2015

Ms. Victoria Hazel, Former Treasurer
National Association of Letter Carriers Branch 1495
PO Box 74
State College, PA 16804-0724

Case Number: 140-6002987([REDACTED])
LM Number: 083700

Dear Ms. Hazel:

This office has recently completed an audit of National Association of Letter Carriers Branch 1495 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, Former President [REDACTED], current President Dennis Clark, current Treasurer Kathy Punt, Steward Charles Campbell, and Trustees Natalie Klett and Kip Nagle on February 25, 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 1495's 2013 records revealed the following recordkeeping violations:

1. General Operating Expenses

Branch 1495 did not retain adequate documentation for general expenses incurred by officers totaling at least \$4,728. For example, the union purchased Weis Supermarket gift cards for retired members totaling \$1,995, but did not maintain supporting documentation that indicated who specifically received the gift cards, whether or not there were remaining gift cards after distribution, and if and how the remaining gift cards were spent. In addition, the union withdrew \$600 for cash door prizes at a union sponsored event, but did not maintain a document that supported which individuals received the cash prizes.

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. Disposition of Property

Branch 1495 did not maintain an inventory of calendars it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30.

Although the union recorded the date and amount received from each sale of union calendars the union did not maintain an inventory of the calendars to reconcile with their receipt records.

Based on your assurance that Branch 1495 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 1495 for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

Branch 1495 did not report the total amounts of payments to officers or on their behalf in Item 24 (All Officers and Disbursements to Officers). Specifically, branch officers incurred approximately \$589.53 in meal expenses for the audit year, but did not include these expenses next to the names of officer on the LM-3 Form.

The union must report most direct disbursements to Branch 1495 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. Accuracy of Receipts

Branch 1495 did not accurately report its "Other Receipts" in Item 43 of the LM-3 Form. Specifically the union should have reported a total income, aside from dues receipts, of at least \$1,789.73. Your officer responsibilities under LMRDA include retaining records to verify the figures you input on the LM-3 Forms. Your records did not support the figures you entered in Item 43 (Other Receipts) LM-3 report for 2013.

I am not requiring that Branch 1495 file an amended LM report for 2013 to correct the deficient items, but Branch 1495 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to National Association of Letter Carriers Branch 1495 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