

U.S. Department of Labor

Employment Standards Administration  
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May 14, 2008

Mr. Rick Laviolette, President  
National Association of Letter Carriers  
Branch 2313  
1140 Post Road  
Fairfield, CT 06824

LM File Number: 084-085  
Case Number: | | | | |

Dear Mr. Laviolette:

This office has recently completed an audit of NALC Branch 2313 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, Treasurer Robert Dillon, and Past President | | | | | on May 28, 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.

The CAP disclosed recordkeeping and reporting violations:

#### 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 2313's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Branch 2313 failed to retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$2,873.99. These expenses included \$2,656.00 in convention reimbursements for hotel, transportation, and other convention expenses; and \$217.99 in food and other union supplies reimbursements.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Other Expenses

Branch 2313 did not retain adequate documentation for office and administrative expenses incurred during the audit period totaling at least \$1,991.15. These office and administrative expenses included office rent, food purchased for local meetings, and other office and administrative expenses.

3. Meeting Minutes

During the audit, Mr. Dillon advised OLMS that the membership authorized all expenses at the monthly membership meetings. However, the minutes of the meetings do not contain any reference to at least \$353 of expenses paid during the audit period. Minutes of all membership meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Branch 2313 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 2313 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Disbursements to Officers

Branch 2313 did not include some reimbursements to officers totaling at least \$1,094 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the

union erroneously reported these payments in Item 54 (Other Disbursements) and Item 51 (Contributions, Gifts, and Grants).

Branch 2313 reported the names of some non-officers in Item 24 (All Officers and Disbursements to Officers). Branch 2313 also did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24. 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 2313 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. 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 to the bank statements. 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.

## 3. Reporting of Cash Receipts and Disbursements

Branch 2313 under-reported receipts by \$2,080 on their LM Report. Branch 2313 under-reported disbursements by \$4,686.

At least \$1,764 in office and administrative disbursements were not properly reported on the local's LM Report. It appears the union erroneously reported these payments in Item 54 (Other).

Also, at least \$3,792 in employee disbursements were not properly reported on the local's LM Report. It appears the union erroneously reported these payments in Item 45 (Officers).

## 4. Reporting Number of Members

Branch 2313 did not report the organization's number of members at the end of the reporting period, as required in Item 19. The instructions for Item 19 state the union should report all members at the end of the reporting period, including all categories of members who pay dues. Do not include nonmember employees who make payments in lieu of dues as a condition of employment under a union security provision in a collective bargaining agreement.

5. Reporting Fixed Assets

Branch 2313 did not report any total for fixed assets for the start or ending of the reporting period in Item 29. The instructions for Item 29 state the union should enter in Columns (A) and (B), respectively, the book value at the start and end of the reporting period for all fixed assets, such as land, buildings, automobiles, and office furniture and equipment owned by the organization. The book value of fixed assets is cost less depreciation. Branch 2313 needs to report the value of its office desks, filing cabinets, computer, copier, scanner, and other office furniture and equipment.

Branch 2313 must file an amended Form LM-3 for fiscal year ending June 30, 2007, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you 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 June 20, 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 2313 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,

Mark Letizi  
District Director

cc: Treasurer Robert Dillon  
Past President | | | | |