

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New Haven Resident Investigative Office
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May 23,2008

Mr. Francis DeGennaro, Treasurer
NALC
Branch 109
61 Derby Ave.
Derby, CT 06418-2056

Re: Case Number: [REDACTED]

Dear Mr. DeGennaro:

This office has recently completed an audit of Letter Carriers Branch 109 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 Ron Persico and Francis DeGennaro on April 22,2008, 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 adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in

those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Branch 109's 2007 records revealed the following recordkeeping violations:

1. Officer and Employee Expenses

Union officers and employees failed to maintain adequate documentation for reimbursed expenses, for expenses charged to union credit cards, and for lodging expenses that were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses and the locations (names of restaurants) where meal expenses were incurred must be recorded. No documentation was found for at least 25 charges made to the union's credit card relating to travel. Charges included airline tickets to Los Angeles, Portland and Puerto Rico. In addition there were no receipts for hotel expenses in the amount of \$440.68 at the Wilshire Grand, \$234.53 at the Omni Parker House, \$522.65 at the Portland Hilton and \$1,153.27 at the Ponce Hilton. Receipts for meal expenses charged to the credit card including charges at Morton Steakhouse for \$330.91 and Ruth Cris for \$204.58 were also not maintained. Union records failed to note expenses which were paid for spousal travel. These expenses were later repaid but should have been identified in the records and appropriately included on the LM-3 report.

2. Lost Wages

Union officers failed to record the date and/or purpose of some lost wage claims. Records must be maintained that identify the date, number of hours lost, rate of pay, and the specific union purpose for all lost wages. During the exit interview, I provided a sample expense voucher Branch 109 may use that identifies the type of information and documentation that must be maintained for lost wages and other officer expenses.

As agreed, provided that Branch 109 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP 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 for Branch 109 for fiscal year ending December 31, 2007, was deficient in that:

1. LM-3 Item 24 (All Officers and Disbursements to Officers)

Branch 109 failed to include some reimbursements to officers and employees in Item 24 (All Officers and Disbursements to Officers). Such payments appear to have been erroneously reported in other disbursements.

All direct disbursements to Branch 109 officers and some indirect disbursements made on behalf of its officers must be reported 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. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) 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). All other food, travel and other reimbursed expenses should be reported in Item 24 including expenses that the union paid for an officer's spouse. These expenses have been repaid to the union in fiscal year 2008.

2. Failure to File Bylaws

The CAP 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 constitution or bylaw changes are made. Branch 109 amended its constitution and bylaws in 1997, but a copy was not filed with its LM report for that year. A copy of Branch 109's constitution and bylaws has now been filed.

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Since Branch 109 has filed an LM report for 2007 correcting the deficient items, no further action will be taken.

I want to extend my personal appreciation to Letter Carriers Branch 109 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,



Supervisory Investigator

cc: Ron Persico