



September 26, 2014

Mr. Lawrence M. Kania, President
Letter Carriers, Nat'l Assn
Branch 3
4845 Union Road
Buffalo, NY 14225-1301

Case Number: 110-1209264 ()
LM Number: 080880

Dear Mr. Kania:

This office has recently completed an audit of NALC, Branch 3 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 and Secretary-Treasurer Kim Fitzgerald on September 19, 2014, 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 Violation

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 3's 2013 records revealed the following recordkeeping violation:

Credit Card Expenses

Branch 3 did not retain adequate documentation for credit card expenses incurred by union officers totaling at least \$8,200. For example, on May 19, 2013 a credit card charge in the

amount of \$6,254 was made for Buffalo Bills tickets and another charge was made on August 25, 2013 in the amount of \$2,000 for Buffalo Bison tickets, in which no invoice or receipt were retained.

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 3 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

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-2 filed by Branch 3 for the fiscal year ended December 31, 2013, was deficient in that:

Failure to Itemize Disbursement or Receipt

Branch 3 did not properly report a "major" transaction in Schedule 19 (Union Administration). A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that Branch 3 made a credit card purchase to the Buffalo Bills totaling \$6,254, which was not itemized on the form.

I am not requiring that Branch 3 file an amended LM report for 2013 to correct the deficient item, but Branch 3 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Letter Carriers, Branch 3 for their 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: Ms. Susan L. Lewis, Executive VP
Ms. Kim M. Fitzgerald, Secretary-Treasurer
Mr. Kent F. Hankin, Director of Retirees