



December 21, 2012

Mr. Samuel W. Miller, Treasurer  
National Association of Letter Carriers Branch 4317  
1770 East Lancaster Avenue  
Suite 9  
Paoli, PA 19301-1575

Case Number: [REDACTED]  
LM Number: 081044

Dear Mr. Miller:

This office has recently completed an audit of National Association of Letter Carriers Branch 4317 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 President William C. Saar on December 14, 2012, 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 4317's records revealed the following recordkeeping violation:

Credit Card Expenses

Branch 4317 did not retain adequate documentation for credit card expenses incurred by Vice President Joseph Recchilongo totaling at least \$501.95, Executive Vice President Rick Benner totaling at least \$129.70 and a \$27.53 expense by Financial Secretary Samuel Miller. For credit card purchases of \$281.15 at Matthews Paoli Ford, \$65.61 at Chili's in Las Vegas, NV, \$66.29 at Staples, \$95.95 at LukOil, \$34.47 at the United States Postal Service, \$23.66 at CVS, \$27.53 at Crooper's Market and \$53.00 at FTD Flowers.

As noted above, Labor Organizations must retain original receipts, bills, and invoices 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 830 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### 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 4317 for fiscal year ending December 31, 2011, was deficient in the following area:

1. Disbursements to Officers

Branch 4317 did not include some reimbursements to officers totaling at least \$2517 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 Office and Administrative Expenses.

The union must report most direct disbursements to Branch 4317 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 Treasurer Samuel W. Miller failed to accurately report Office & Administrative Expenses in Item 48 resulting in a cash reconciliation error. The audit revealed the reported amount of \$16,063 should have been \$26,063 as per the union's books. The review of Branch 4317's financial records revealed full accountability of disbursements.

3. Failure to File Bylaws

The audit 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 it makes changes to its constitution or bylaws. Branch 4317 did not file a copy of its undated bylaws.

Branch 4317 has now filed a copy of its constitution and bylaws.

On December 21, 2012 Branch 4317 filed an amended Form LM-3 for fiscal year ending December 31, 2011 correcting the deficient items discussed above.

I want to extend my personal appreciation to National Association of Letter Carriers Branch 4317 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: Mr. William C. Saar, President