

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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December 16, 2009

Ms. Kay Atkins-Onacilla, Treasurer
Letter Carriers, Natl Asn, AFL-CIO
Branch 60
400 Main Street, Room #212
Stamford, CT 06901

LM File Number 084-067
Case Number: [REDACTED]

Dear Ms. Atkins-Onacilla:

This office has recently completed an audit of Letter Carriers Br 60 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 Joe Fusco on December 15, 2009, 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 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 60's 2008 records revealed the following recordkeeping violation:

Missing Records

The bank statement and associated checks for February 2008 were not with the records provided to OLMS to conduct the audit, and you could not find them in the union office. A copy of the bank statement has been ordered from Bank of America, and the associated checks were identified by check stubs, which were with the union records.

The W-2 forms filed by Branch 60 were not associated with the W-3 form and tax records, and could not be located in the union office. Copies of the W-2 records were ordered from Paychex, which maintains the payroll services for Branch 60.

Based on your assurance that Branch 60 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-2 / LM-3) filed by Branch 50 for fiscal year ending 12/31/2008, was deficient in that:

1. Total Receipts

Branch 60's receipt records showed total receipts of \$105,366, which included both dues and other receipts of \$4,528. Branch 60 reported \$150,366 in Item 38 Dues, and then reported \$4,528 in Item 43, Other Receipts, overstating total receipts by \$4,528.

2. Disbursements to Officers (LM-3)

Branch 60 reported the gross pay to officers in Item 24 as required, but failed to enter deductions in Item 24, Line 10, thus carrying the gross total into Item 45. Branch 60 then entered deductions as required in Item 54 Other Disbursements, in effect reporting deductions twice, and overstating disbursements. Because of the missing payroll records, the exact total figure of deductions was not available at the time of the exit interview, but appeared to be at least \$8,515.34. Total disbursements were overstated by at least that amount.

The LM-3 has a cash balance feature, in which:

$$\begin{aligned} & \text{Cash at the Start of the Reporting Period} \\ + & \text{ Total Receipts} \\ - & \text{ Total Disbursements} \\ = & \text{ Cash at the End of the Reporting Period} \end{aligned}$$

In the LM-3 filed by Branch 60 for 12/31/2008, this formula showed that your cash balance ($\$6,764 + \$109,894 - \$118,946 = -\$2,288$ vs $\$9,052$ reported) was off by \$11,340. This imbalance was caused by the overreporting of both receipts and disbursements, and must be corrected.

The union must report most direct disbursements to Branch 60 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).

The union failed to report \$100 in expense payments made to President Joseph Baccari, and \$84 in expense payments made to Vice President Dominick Frattaroli, as well as \$100 paid to Director of Retirees Paul Pierrat.

Branch 60 must file an amended Form LM-3 for fiscal year ending December 31, 2008, 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). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than January 15, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

The audit disclosed the following other issue:

Personal use of Credit Cards

The audit revealed that President Joseph Baccari used the union credit card to pay a personal expense in February 2008 (\$1,035 to WE Inc). This was apparently paid by the union in error, and repaid by President Baccari. Although this amount was repaid to Branch 60 for the personal expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

I want to extend my personal appreciation to Letter Carriers Br 60 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

Ms. Kay Atkins-Onacilla
December 16, 2009
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cc: Joseph Baccari, President