

**U.S. Department of Labor**

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June 17, 2009

Mr. Robert Lind, President  
Letter Carriers Branch 34  
626 Dorchester Avenue  
South Boston, MA 02127

LM File Number: 091-817

Case Number: [REDACTED]

Dear Mr. Lind:

This office has recently completed an audit of Letter Carriers Branch 34 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 on June 16, 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.

#### 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 Letter Carrier s Branch 34's 2008 records revealed the following recordkeeping violations:

#### 1. Meal Expenses

Branch 34's records of meal expenses did not always include written explanations of the union business conducted or the name of the persons incurring the restaurant charges. For example, a receipt for the Chateau Restaurant totaling \$221.31, was not documented with the union purpose or the names of the participants. A meal reimbursement to Steward Michael Kidd totaling \$180 to the Seaport Bar & Grill was not documented with the union purpose or the names of the participants. A reimbursement for food during the National Convention totaling \$87.18 paid to Vice President Robert Simpson was not documented with the names of the participants.

Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

#### 2. Lost Wages

Branch 34 did not retain adequate documentation for lost wage reimbursement payments to union officers. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Branch 34's lost time vouchers did not note the applicable rate of pay and a number of the vouchers did not cite a specific description of the union business conducted.

During the exit interview, I provided a sample lost time/expense voucher Branch 34 may use to satisfy this requirement. The sample identifies the type of

information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Branch 34 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 LM-2 filed by Branch 34 for fiscal year ending December 31, 2008, was deficient in the following areas:

#### 1. Disbursements To Officers

Branch 34 did not include some reimbursements to officers/payments to officers totaling approximately \$2,708.82 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

#### 2. Cash Receipts

Branch 34 failed to report approximately \$30 kept in petty cash in Item 22 A (Cash-Start of Reporting Period) and 22 B (Cash-End of Reporting period).

### 3. Acquire/Dispose of Property

Item 15 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away jackets, watches, and pins totaling \$4,923.10 to local retirees. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition the union must report the cost, book value, and trade-in allowance for assets traded in.

### 4. Failure to Itemize Disbursement or Receipt

Branch 34 did not properly report some "major" transactions in Schedule 18 General Overhead. 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 the local did not note separately Non-Itemized disbursements to the City of Boston totaling \$9,513.94 for property/ real estate taxes and Non-Itemized disbursements to the Barking Crab Restaurant totaling \$6,657.24 for post convention clam bakes for delegates and volunteer workers.

I am not requiring that Branch 34 file an amended report for 2008 to correct the deficient items, but Branch 34 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires the union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Branch 34 's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Letter Carriers Branch 34 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: Mr. Kevin Flaherty, Secretary-Treasurer