

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New Haven Resident Investigative Office
150 Court Street
Room 209
New Haven, CT 06510
(203)773-2130 Fax: (203)773-2333



April 13, 2010

Ms. Linda
Polley, Treasurer
Letter Carriers AFL-CIO
Branch 363
127 Concord Street
Waterbury, CT 07610

LM File Number 084-087
Case Number: [REDACTED]

Dear Ms. Polley:

This office has recently completed an audit of Letter Carriers Branch 363 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 Dave Gagnon on April 6, 2010, 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 the following violations:

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 363's 2007 records revealed the following recordkeeping violations:

Credit Card Expenses

Branch 363 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by union officers totaling at least \$3,548.37. For example, the statement and receipts for purchases made in December 2007 were not found in the union records.

As previously 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 363 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-3 filed by Branch 363 for fiscal year ending December 31, 2007, is deficient in the following areas:

1. Disbursements to Officers

Branch 363 did not include some reimbursements to officers totaling at least \$3,731 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54 Other Disbursements.

The union must report most direct disbursements to Branch 363 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. Other

It appears that the reimbursement to individual participating members of more than \$18,000 in overpaid Cigna contributions was incorrectly reported in Item 50.

These reimbursements should have been reported in Item 54 with an explanation provided in Item 56 Additional Information. In addition, the receipt of the Cigna payments should have been included on Line 43 Other Receipts.

I am not requiring that Branch 363 file an amended LM report for 2007 to correct the deficient items, but Branch 363 has agreed to properly report the deficient items on all future reports it files with OLMS.

Branch 363 has terminated and merged with Branch 86. Branch 363 must file a terminal report Form LM-3 for fiscal year ending December 31, 2008. 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 terminal Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than April 30, 2010. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Issues

Personal use of Credit Cards

The audit revealed that Branch 363 allowed officers to use union credit cards to pay for personal expenses; specifically the airfare for spouse's travel to the convention. Although the officers repaid Branch 363 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 Branch 363 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.

Ms. Linda
Polley
April 13, 2010
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Sincerely,

[REDACTED]

Supervisory Investigator

cc: Dave Gagnon, Treasurer Branch 86