



March 23, 2012

Mr. Nelson Gaskill, President
National Association of Letter Carriers Branch 903

[Redacted]

Case Number: [Redacted]

[Redacted]

LM Number: 083629

Dear Mr. Gaskill:

This office has recently completed an audit of National Association of Letter Carriers (NALC) Branch 903 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, Secretary Treasurer Bob Beida and Recording Secretary Michael Calise Jr. on March 20, 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 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 903's 2010 records revealed the following recordkeeping violations:

1. *General Expenses and Credit Card Expenses*

Branch 903 did not retain adequate documentation for most expenses, including credit card expenses incurred by the union officers, totaling at least \$44,500. For example, the union did not maintain adequate documentation for the NALC 2010 Convention held in Anaheim, CA, including a list of attendees and a breakdown of total expenses received by the attendees. Additionally, Branch 903 did not maintain supportive documentation for expenses incurred on the Branch's credit card.

2. *Bank Records*

Branch 903 did not maintain copies of canceled checks for its bank accounts.

Copies of the fronts and backs of canceled checks must be maintained in order to clarify, verify and explain disbursements from your Union's bank accounts.

As noted above, labor organizations must retain copies of canceled checks, 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 903 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 903 for the fiscal years ended December 31, 2010 and December 31, 2011, was deficient in the following areas:

1. *Branch 903 did not report the names of some officers and the total amounts of payments to all officers or on their behalf in Item 24 (All Officers and Disbursements to Officers).*

The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Branch 903 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. *Some disbursements included in Item 54 – Other Disbursements, are incorrectly reported and should be included in Items 45 (To Officers) and 48 (Office & Administrative Expense).*

Branch 903 must file an amended Form LM-3 for the fiscal years ended December 31, 2010 and December 31, 2011, to correct the deficient items discussed above. 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 April 20, 2012. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to NALC Branch 903 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. Bob Beida, Secretary Treasurer