

U.S. Department of labor

Office of Labor-Management Standards
Philadelphia District Office
The Curtis Center
170 S. Independence Mall West, Suite 760 W
Philadelphia, PA 19106
(215) 861-4818 Fax: (215) 861-4819



April 30, 2013

Mr. Franz J. Powell, Treasurer
Letter Carriers Branch 2572
[REDACTED]

Case Number: 140-11131 [REDACTED]
LM Number: 081008

Dear Mr. Powell:

This office has recently completed an audit of Letter Carriers Branch 2572 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 April 15, 2013, 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 2572's 2012 records revealed the following recordkeeping violation:

1. General Reimbursed Expenses

Branch 2572 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$200. For example, there was no receipt

for a payment made to Steward Robert L. Kilcoyne. Also, no receipt for a disbursement of \$100 made to Keystone Branch 157.

As 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.

2. Meal Expenses

Branch 2572's records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. The union failed to maintain receipts for three disbursements totaling \$475 made to Kasdons Restaurant during the audit year ending December 31, 2012. 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 restaurant where the officers or employees incurred meal expenses. If the expense(s) was incurred during a membership meeting the records must indicate this as the purpose.

Based on your assurance that Branch 2572 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit revealed a violation of LMRDA Section 503(a) Making of Loans. Section 503(a) states that "No labor organization shall make directly or indirectly any loan or loans to any officer or employee of such organization which results in a total indebtedness on the part of such officer or employee to the labor organization in excess of \$2,000".

Branch 2572 granted a loan to Steward Robert L. Kilcoyne in the amount of \$2,500. The amount of the loan exceeds the statutory limit for loans by a labor organization to an officer or employee. You are aware of the violation and have informed other union officers and trustees of the statutory limit of loans to officers and employees. On April 25, 2013 Robert Kilcoyne passed away prior to satisfying the union loan.

If the loan balance remains outstanding as of December 31, 2013, that amount must be reported as a loss on Form LM-3 Report Item 15 loss or shortage of funds or property requiring an explanation in item 56. The explanation must detail the amount of loss or shortage of funds or a description of the property that was lost, how it was lost, and to what extent, if any, there has been an agreement to make restitution or any recovery by means of repayment, bonding claim or other means.

Mr. Franz J. Powell
April 30, 2013
Page 3 of 3

I want to extend my personal appreciation to Letter Carriers Branch 2572 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,



cc: Ms. Andrea N. Goodwin, President

•