

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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September 18, 2007

Mr. Ronald Procaccino, President
National Association of Letter Carriers
Branch 268
213 Carnegie Center
Princeton, NJ 08540

Re: Case Number: [REDACTED]

Dear Mr. Procaccino:

This office has recently completed an audit of NALC Branch 268 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 on August 29, 2007, 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

The CAP disclosed 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 268's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Branch 268 did not retain adequate documentation for reimbursed expenses and union's visa check card expenses incurred by Raymond McDonald, Ronald Procaccino and Louis DiFoggio totaling at least \$3,000. For example, some airline tickets, hotel stay and car rentals paid by the union's visa check card, it does not appear to have backup documentations, like the actual vendor receipts and vouchers were missing.

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.

2. Meal Expenses

Branch 268 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,000. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Branch 268 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. For example, when the union goes to Wildflowers Too restaurant located at Yardville, NJ for officer meetings did not provide an itemized receipt and or voucher. 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.

3. Reimbursed Auto Expenses

Raymond McDonald and Ronald Procaccino who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support

payments to them totaling at least \$100 during 2006. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Branch 268 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 268 for fiscal year ending December 31, 2006, was deficient in that item 24, All Officer and Disbursements to Officers on column (D) Gross Salary were filed incorrectly according to the union's payroll records. For example, the former President, [REDACTED], only received \$1,200 for the fiscal year 2006, however, on the LM-3 reported \$1,800, of which \$600 less.

Branch 268 already filed an amended Form LM-3 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. The report it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to NALC Branch 268 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,

Supervisory Investigator

cc: Louis DiFoggio
Secretary-Treasurer