

**U.S. Department of Labor**

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February 4, 2008

Mr. Joseph Patti, Sr. , President  
Letter Carriers, Natl Asn, AFL-CIO  
Branch 2223  
Post Office Box 1201  
Hammond, Louisiana 70404-1201

LM File Number: 083-823  
Case Number: [REDACTED]

Dear Mr. Patti:

This office has recently completed an audit of the National Association of Letter Carriers, Branch 2223 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 Amy Bankston on Thursday, January 31, 2008, 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 2223's records for fiscal year ending December 31, 2007, revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Branch 2223 did not retain adequate documentation for expenses incurred by President Patti and Steward Bennett totaling at least \$800.00. For example, receipts were not retained for expenses incurred while attending the NALC Convention in February 2007. More specifically, the hotel bills, or lodging receipts for President Patti and Steward Bennett from this convention were not retained.

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. Information not Recorded in Meeting Minutes

Branch 2223 did not prepare, and therefore did not have for review meeting minutes from meetings held within the 2007 fiscal year. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

3. Failure to Retain Other Required Records

Branch 2223 did not retain the following required records:

Christmas Club payments - Branch 2223 did not maintain a list of members to whom the Christmas Club bonus payments were made. You were advised that the law requires you to keep all records such as these for at least five years, as they

serve to verify, explain, or clarify information required to be reported in the LM Report, and you have agreed to retain these records in the future.

Bank records – Branch 2223 did not retain bank records for the previous fiscal year ending December 31, 2006, as required. These records were reproduced and provided to OLMS. You were advised that the law requires you to keep all records such as these for at least five years, as they serve to verify, explain, or clarify information required to be reported in the LM Report, and you have agreed to retain these records in the future.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Branch 2223's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

#### Other Violations

The audit disclosed the following other violations:

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that 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 2223's officers and employees were not bonded for the minimum amount required at the time of the audit. The union obtained bonding coverage and provided evidence of this to OLMS during the audit. However, the bonding coverage needs to be extended to include all officers and employees of the union. The union agreed to get the appropriate coverage, and to provide OLMS evidence of this coverage. As a result, OLMS will take no further enforcement action regarding this issue.

## 2. Election Procedures

During the audit, it was determined that the Branch had not held regular elections of officers within the time frame required in the National Constitution. Branch 2223 does not have its own by-laws, and therefore follows the National Constitution, which states that officer elections should be held at least once every three years. Please consult the NALC National Constitution dated August 2006 for the officer nomination and election process to ensure that Branch 2223 is in compliance with the constitution.

Title IV of the LMRDA provides that elections must be held as often as required by the union's constitution and bylaws, but at least every three years in local unions. These periods are measured from the date of the last election. These requirements do not prohibit incumbent officers from being re-elected at the end of their terms of office.

### Other Issues

#### Single Signature on Union Checks

During the audit, you advised that only a single signature is required to access funds from the Branch's checking account. While the law does not forbid this practice, and your union's constitution and by-laws are not clear as to how many signatures are required, OLMS recommends that unions require that all checks drawn on the union's bank account have a second signature. The two signature requirement is an effective internal control of union funds.

I want to extend my personal appreciation to the National Association of Letter Carriers, Branch 2223 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,

Mr. Joseph Patti, Sr.  
February 4, 2008  
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Investigator

cc: Todd Bennett, Steward  
Amy Bankston, Secretary