

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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December 15, 2009

Mr. Dustin Hassler, President
Letter Carriers, AFL-CIO, NATL ASN
Branch 195
2301 Saint Joseph Avenue
Saint Joseph, MO 64505

LM File Number 089-839
Case Number: [REDACTED]

Dear Mr. Hassler:

This office has recently completed an audit of Letter Carriers Branch 195 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 Treasurer Tom Ackley on January 8, 2009, 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 195's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Branch 195 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by officers totaling at least \$2,821.68. For example, the branch failed to retain receipts for picnic expenses totaling \$850.00. The branch also did not keep receipts for lodging purchased on the union credit card totaling \$1,289.68.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lost Wages

Branch 195 did not retain adequate documentation for lost wage reimbursement payments to the president totaling at least \$976.29. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The audit found that Branch 195 failed to complete vouchers for lost wages identifying the reason for lost time, the amount of lost time claimed, and the hourly rate the officer was paid.

During the exit interview, I provided a sample of an expense voucher Branch 195 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

3. Receipt Dates not Recorded

Entries in Branch 195's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

4. Lack of Salary Authorization

Branch 195 did not maintain records to verify that the salaries reported in Item 24 (All Officers and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. Past practice has been to pay the president an additional salary for building maintenance. OLMS could not find a record to approve this monthly disbursement. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Branch 195 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 LM-3 filed by Branch 195 for fiscal year ending December 31, 2007 was deficient in the following areas:

1. Disbursements to Officers

The local inadvertently inflated the amount of disbursements to officers. The local included lost time payments to officers under "Allowances and Other Disbursements" in Item 24 when it should be reported under "Officer Salaries," as stated on page 9 of the LM-3 instructions.

The union must report most direct disbursements to Branch 195 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. Certificates of Deposit Reported As Investments

Branch 195 improperly included the value of a certificate of deposit as an investment in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

3. Cash Reconciliation

The audit revealed the receipts and disbursements reported in Statement B on the local's 2007 LM-3 report failed to reconcile with the local's bank statements. Branch 195 included fund transfers between accounts as receipts and disbursements on the LM-3 form. As stated on page 12 of the LM-3 instructions, the purpose of Statement B is to report the flow of cash in and out of the

organization. Since fund transfers do not represent the flow of cash in and out of the organization, they should not be reported as receipts and disbursements. The local also failed to include the certificate of deposit balance in the beginning and end-of-year totals, which contributed to the cash not reconciling.

Branch 195 must file an amended Form LM-3 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. 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 amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than January 26, 2009. 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 Letter Carriers Branch 195 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,

 R. Dudzinski
Investigator

cc: Tom Ackley, Treasurer