

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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December 10, 2009

Mr. Genero Scarpati, President  
Letter Carriers, Natl. Asn., AFL-CIO  
P.O. Box 704  
Yonkers, NY 10702

Case Number: [REDACTED]

Dear Mr. Scarpati:

This office has recently completed an audit of the Letter Carriers, Natl. Asn., AFL-CIO, Branch 387, under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act (LMRDA). As discussed during the exit interview with Treasurer, Kenneth Kosik, and you on December 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.

Reporting Violations

Deficient Annual Report

The CAP 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 your union for fiscal year ending June 30, 2008, was deficient in the following area:

1. Item 31, Column A and B (Total Assets)

Column A and B reported large negative balances that did not reconcile to the union's books and records for the audit period. Branch 387 has voluntarily agreed

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to file an amended LM-3 report for the year-ended June 30, 2008, to correct the above balances.

### Record Keeping Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. The union failed to maintain the monthly dues membership reports they receive from the Letter Carriers, AFL-CIO, National Union. The dues reports are considered a financial record and must be maintained for a minimum of five years. This is a violation of Section 206 of the LMRDA (Retention of Records). Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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.

During the exit interview, you stated that you would keep all of the dues report records in the future. As agreed, provided that Branch 387 maintains adequate documentation as discussed above, no additional enforcement action will be taken regarding these violations.

I want to extend my personal appreciation to Branch 387 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 are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: K. Kosik, Treasurer