

U.S. Department of Labor

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January 21, 2009

Mr. James Langlois, President
Letter Carriers Branch 55
40 Daggett Avenue
Pawtucket, RI 02861

LM File Number: 083-996

Case Number: [REDACTED]

Dear Mr. Langlois:

This office has recently completed an audit of Letter Carriers Branch 55 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 January 15, 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 Letter Carriers Branch 55's 2007 records revealed the following recordkeeping violations:

1. Expenses (General and Reimbursed)

Branch 55 did not retain adequate documentation for expenses incurred by the local totaling at least \$1,052.50. For example, the local did not have receipts for the \$490 paid to the Gatchell Post to rent the hall for membership meetings or for \$562.50 to purchase calendars.

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. Lost Wages

Branch 55 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$189.28. 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.

3. Meal Expenses

Branch 55 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 records retained must also identify the names of the restaurants where the officers or employees incurred meal expenses. For example, the local retained a receipt for food for a Christmas function totaling \$1,105.30 but the receipt did not show the name of the restaurant, the union purpose, or the number/names of the union members partaking in the meal.

4. Receipt Dates not Recorded

Entries in Branch 55's ledger reflect the date the union deposited money, but not the date the 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.

Based on your assurance that Branch 55 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 55 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements To Officers

Branch 55 did not report reimbursements to officers totaling at least \$5,029 in Item 24 (All Officers and Disbursements to Officers). It appears the local erroneously reported these payments in Item 48 (Office and Administrative Expense) or Item 54 (Other Disbursements).

Branch 55 did not report the name of one officer and the total amount of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year regardless of whether they received any payments from the union.

The union must report most direct disbursements to Branch 55 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).

3. Cash Receipts

Branch 55 erroneously reported the savings account in Item 30 A & B (Other Assets). The savings account receipts should have been included with the other cash assets reported in Item 25 A & B (Cash). The local also reported a \$55 benefit premium reimbursement as dues in Item 38 (Dues) instead of Item 43 (Other Receipts).

4. Purchase of Fixed Assets

Branch 55 failed to report \$275 disbursed to purchase a fixed asset in Item 52 (Purchase of Investments & Fixed Assets). The local also failed to report the purchase price in Item 29 B (End of Reporting Period Fixed Assets).

Letter Carriers Branch 55 must file an amended Form LM-3 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. I provided the local's treasurer with a blank form and instructions, and advised that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended LM-3 should be submitted to this office at the above address as soon as possible, but not later than February 13, 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 55 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,

Mark Letizi
District Director

cc: John Westgate, Financial Secretary