



July 25, 2011

Mr. Guy Milone, Treasurer  
NALC Branch 19  
23 Brock Street #B-2  
North Haven, CT 06473-3655

Case Number: [REDACTED]  
LM Number: 089807

Dear Mr. Milone:

This office has recently completed an audit of NALC 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 President Vincent Mase on July 13, 2011, 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 19's 2010 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Branch 19 did not record the receipt of individual ticket purchases for union sponsored events. In addition receipts were not given to members and other individuals making charitable contributions relating to union sponsored MDA Bowlathon, golf outing or the retiree dinner. While a record of those purchasing ticket or contributing by check was kept no record of cash sale or donations was maintained. The records should show the date and amount received, and the source of the money

Based on your assurance that Branch 19 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 19 for fiscal year ending December 31, 2010, was deficient in that:

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Branch 19 amended its constitution and bylaws in 2009, but did not file a copy with its LM report for that year.

Branch 19 has now filed a copy of its constitution and bylaws.

Other Violations

The audit disclosed the following other violation(s):

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.

Branch 19's officers currently bonded for \$22,000, but they must be bonded for at least \$36,500. Branch 19 should obtain adequate bonding coverage for its officers and employees immediately. In addition, committee chairmen that collect funds during fund raising events should also be added to the union's bonding policy. Please provide proof of bonding coverage to this office as soon as possible, but not later than August 30, 2010.

Other Issues

Use of Signature Stamp

During the audit, President Vincent Mase advised that it is Branch 19's practice to stamp the signature of President Mase on union checks. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Branch 19 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to NALC Branch 19 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: Mr. Vincent Mase, President