



September 22, 2015

Mr. Paul Daniels, President  
Letter Carriers, NATL ASN, AFL-CIO, Branch 20  
200 East Main Street  
Meriden, CT 06450-5673

Case Number: 110-1117684( )  
LM Number: 084072

Dear Mr. Daniels:

This office has recently completed an audit of Letter Carriers, Branch 20 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 Treasurer Norman St. Arnauld on July 14, 2015, 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 20's 2012 records revealed the following recordkeeping violations:

#### 1. Credit Card Expenses

Branch 20 did not retain adequate documentation for credit card expenses incurred by President Paul Daniels totaling at least \$17,332. Of the \$17,332 noted, \$1,455.97 was gas charges made on an Exxon Mobil gas credit card and \$15,876.94 was made on a Capital One

credit card. For example, a Capital One credit card invoice dated July 3, 2012 with charges totaling \$1,942.74, did not have any individual receipts or bills records related to the charges.

As 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. Reimbursed Auto Expenses

Some union officers and employees who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$1,403.90 during 2012. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

## 3. Lost Wages

Branch 20 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$3,406.20. 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 OLMS audit found that Branch 20 retained vouchers however; the union did not meet the requirement. For example, union officers and employees did not identify on the lost wage vouchers the union business conducted.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Branch 20 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.

## 4. Lack of Salary Authorization

During the opening interview, it was determined that Article 9-Salaries of the Branch Bylaws are not being followed specific to Sec.1 (Pres), a. Five days' pay at the rate paid Local Business Agents by NALC or Sec 2 (Vice-President), a. paid at the rate of Local Business Agents by NALC. The Branch instead uses the top hourly rate of a letter carrier as posted in the Postal Record (Letter Carrier Wage Schedule) plus 1\$, which was determined to be less than that stated in the bylaws.

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 therefore, the Branch should amend its bylaws to reflect the deviation.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Branch 20'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.

### 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 20 for the fiscal year ended December 31, 2013 was deficient in that:

#### Failure to File Bylaws

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 20 amended its constitution and bylaws in 2013, but did not file a copy with its LM report for that year.

Branch 20 has now filed a copy of its constitution and bylaws.

### Other Issue

#### Use of Signature Stamp

During the audit, it was determined that Branch 20 sometimes uses a signature stamp for signing 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 20 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Letter Carriers, Branch 20 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,

  
Investigator

cc: Mr. Norman G. St. Arnauld, Treasurer