



September 19, 2016

Mr. Greg Rowe, Treasurer  
Letter Carriers, National Association, AFL-CIO  
Branch 134  
1616 N. Salina Street  
Syracuse, NY 13208

Case Number: 110-6005759  
LM Number: 082478

Dear Mr. Rowe:

This office has recently completed an audit of Branch 134 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, Health Benefits Rep Bruce Bailey, and First Vice President Doug Dlugolenski on August 25, 2016, 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 134's 2015 records revealed the following recordkeeping violations:

1. General and Credit Card Expenses

Branch 134 did not retain adequate documentation for general expenses and credit card expenses incurred by union officers totaling at least \$1,432. For example, there were five Franco's Pizza expenses for monthly membership meetings with no supporting documentation. Additionally a Chase Bank credit card charge by Bruce Bailey totaling \$206.31 was missing supporting documentation.

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. Officer Meal Credit Card Expenses

Branch 134 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$2,555. If a restaurant issues a "guest check" stub or other secondary document as well as the credit card transaction receipt, the secondary document must be retained.

The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Based on your assurance that Branch 134 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 134 for the fiscal year ended December 31, 2015, was deficient in the following areas:

1. Disbursements to Officers

Branch 134 did not include some reimbursements to officers totaling at least \$3,330 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48, Office and Administrative Expense or Item 54, Other Disbursements.

The union must report most direct disbursements to Branch 134 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. Failure to Record Receipts Properly

Branch 134 improperly reported in Item 38 receipts of at least \$8,699, which are not considered dues. This amount was determined to be miscellaneous receipts which should be reported in Item 43, Other Receipts.

LM – 3 instructions state “enter the total dues received by your organization in Item 38 including dues received directly by your organization from members, dues received from employers through a checkoff arrangement, and dues transmitted to your organization by a parent body or other affiliate.”

“Enter all other receipts of your organization, other than those reported in Items 38 through 42, including proceeds from the sale of supplies, loans obtained, repayments of loans made, rents, and funds collected for transmittal to third parties in Item 43.”

I am not requiring that Branch 134 file an amended LM report for 2015 to correct the deficient items, but Branch 134 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Violation

#### 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 134's officers and employees are currently bonded for \$25,000, but they must be bonded for at least \$29,093. Branch 134 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than October 21, 2016.

Other Issue

Inventory of Fixed Assets

As discussed during the course of the compliance audit and during the exit interview, it is recommended that the union maintain an inventory list of assets including purchased “give away” items. An inventory list will help you identify, account for, and determine the total value of your union’s fixed assets.

I want to extend my personal appreciation to Branch 134 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. James Lostumbo, President