



September 27, 2018

Mr. John Simpson, Secretary-Treasurer  
National Association of Letter Carriers (NALC)  
Branch 272  
1042 Old Boundary Road  
Newton, NJ 07860

Case Number: 130-6011951  
LM Number: 090933

Dear Mr. Simpson:

This office has recently completed an audit of National Association of Letter Carriers Branch 272 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 NALC Branch 272 President Doug DelGuercio on September 26, 2018, 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 NALC Branch 272's 2017 records revealed the following recordkeeping violations:

#### 1. General Reimbursed Expenses

NALC Branch 272 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$6,743.34. For example, on December 5, 2017, the union made a disbursement to the Wicker Basket Deli in the amount of \$1,350.00. The union also contracted with Withum, Smith, and Brown for tax preparation and LM report filing. The disbursement made to Withum, Smith, and Brown totaled \$2,900.00. There was no documentation within the union records for these

disbursements. In April 2017, Mr. Simpson submitted a voucher for a trip to Congressional Hearings to Washington, D.C. The reimbursement was for lodging totaling \$1,415.24, meals in the amount of \$1006.10, and cab fare in the amount of \$72.00. There were no receipts attached to the voucher for any of the expenses. Even though there were no invoices in the documents provided during the audit, during the Exit Interview, you advised me that you found a folder of receipts that was separated out by trip. After the Exit Interview you provided the invoice and receipts for the lodging and meals. Also, the meeting minutes reflected that four members attended Congressional Hearings.

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. Meal Expenses

NALC Branch 272 must maintain itemized receipts provided by restaurants to officers and employees. The union officers did not always provide an itemized receipt that indicated who attended the meal and the intended union purpose. 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.

NALC Branch 272 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. For example, in March 2017, NALC Branch 272 President DelGuercio traveled with several other members to Regional Training in Atlantic City, New Jersey. Mr. DelGuercio filled out a voucher for mileage reimbursement of 302 miles, food in the amount of \$730.57, and tolls in the amount of \$10.40. Attached to the voucher were the food receipts, but none of the receipts had any documentation about who was eating during the meal or the union purpose. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses

## 3. Lack of 50/50 Records

During the audit, it was determined that NALC Branch 272 collected money for a 50/50 raffle during membership meetings. A winner is chosen and half the money is provided to the winner and the other half is maintained by the branch for a donation to the Muscular Dystrophy Association (MDA). NALC Branch 272 did not retain adequate documentation for the 50/50 raffle, which includes how much money was collected, who won the raffle, and how much money was donated to the MDA. However, the membership meeting minutes reflected the amount of money that was donated to the

MDA each month, but not how much money was provided to the 50/50 raffle winner. Proper documentation of all money collected by the branch is the responsibility of the local union officers.

Based on your assurance that NALC Branch 272 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 NALC Branch 272 for the fiscal year ended December 31, 2017, was deficient in the following areas:

#### 1. Disbursements to Officers (LM-3)

NALC Branch 272 did not include some reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers) under the correct columns. All disbursements made to officers were listed under the Column D Gross Salary instead of including reimbursed expenses into Column E Allowances and Other Disbursements.

The union must report most direct disbursements to NALC Branch 272 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 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. NALC Branch 272 amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year.

NALC Branch 272 has now filed a copy of its constitution and bylaws.

I am not requiring that NALC Branch 272 file an amended LM report for 2017 to correct the deficient items, but NALC Branch 272 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to NALC Branch 272 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,

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Investigator

cc: Mr. Doug DelGuercio, President