



April 30, 2019

Michael Willadsen, President
Letter Carriers, AFL-CIO, Branch 86
303 Burnside Ave
East Hartford, CT 06108

Case Number: 110-6012886 [REDACTED]
LM Number: 092081

Dear Michael Willadsen:

This office has recently completed an audit of Letter Carriers, Branch 86 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 Secretary-Treasurer Daniel Nacin on April 25, 2019, 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 86's 2016 records revealed the following recordkeeping violations:

1. Failure to Maintain Receipt Records

Branch 86 failed to maintain adequate records for receipts collected from members for attendance at various union events including the retiree dinner and Christmas party totaling at least \$17,962. For example, in one deposit transaction for \$3180, it included a check

from Vice President George Laham for \$2,170 which represented the cash funds he collected directly from Branch 86 members. Branch 86 did not maintain a record of the members, how much was collected, or the date the funds were received. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Additionally, during the exit you advised that all amounts collected for members' attendance at the Christmas Party (\$20), are not deposited but rather, retained in cash by the union and returned to the member upon attendance at the event. These amounts were never deposited. Only the amounts collected from members for their guests' attendance (\$50) and members who paid the \$20 ticket price but did not attend were actually deposited to the union's account. Branch 86 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. Netting is not permitted.

2. Disposition of Property

Branch 86 did not maintain an inventory of event tickets it purchased and gave away to union members. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28. The union must record in at least one record the date and amount received from each sale of union hats, jackets, event tickets and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that Branch 86 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit disclosed the following 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.

The audit revealed that the amount of Branch 86's bond is sufficient. However, the bond included a deductible, which is a form of self-insurance, that fails to meet the bonding requirements of the LMRDA. During the course of the audit, Branch 86 remedied this issue and

provided OLMS with a certificate of insurance showing a sufficient bond. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

1. Personal use of Credit Cards

The audit revealed that Branch 86 permits officers and employees to use union credit cards to pay for personal expenses. Although officers and employees promptly repaid Branch 86 for the personal expenses charged, OLMS does not recommend policies that allow personnel to make personal purchases with union credit cards because this may lead to misuse of union funds.

2. Use of Signature Stamp

During the audit, you and Secretary-Treasurer Nacin advised that during a period while Nacin was unavailable to perform his duties as secretary-treasurer, Vice President David Gagnon was given permission to use Nacin's signature stamp to sign union checks. During this period, two individuals continued to review all expenses and checks were signed by two separate officers. However, the purpose of affixing a signature to a document or check is to show the identity of the person signing. Allowing for another person to use someone else's signature stamp diminishes this purpose. OLMS recommends Branch 86 review the union's signatory procedures, possibly with the addition of another executive board member as a signatory on the account, in order to avoid this issue in the future and continue to improve internal control of union funds.

I want to extend my personal appreciation to Letter Carriers, Branch 86 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: Daniel Nacin, Secretary-Treasurer