



March 29, 2018

Mr. Charles Setteducato, Vice President-Treasurer  
Newspaper & Mail Deliverers Union  
1501 Broadway  
1728  
New York, NY 10036

Case Number: 130-6009788  
LM Number: 025725

Dear Mr. Setteducato:

This office has recently completed an audit of Newspaper & Mail Deliverers Union 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 your, President Thomas Bentvena, NMDU's Attorney J. Warren Mangan on February 1, 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 NMDU's 2016 records revealed the following recordkeeping violations

1. Meal Expenses

NMDU did not require officers to submit itemized receipts for meal expenses totaling at least \$1,240. The union must maintain itemized receipts and/ or invoices provided by restaurants to officers. 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.

NMDU 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, receipts attached to officers' expense vouchers for payments dated January 21, 2016 in the amount of \$351.35 and February 22, 2016 in the amount of \$1,268.20 did not include purpose of the meeting; and failed to include names of the attendees, respectively. 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.

## 2. Meeting Minutes

NMDU was unable to locate special executive board meeting minutes for April 25, 2016 although union records identified payment to executive board/council members for meeting attendance. NMDU records reflected a sign-in log dated April 25, 2016 with attached check stubs of lost time payments made payable to the executive board/council members for the purpose of meeting attendance. NMDU's Bylaws Article VII, Section 8 Executive Council authorizes payment to the council members when in attendance for union business. You advised that this special executive board meeting was held due to the reading of the contract language before the members followed by the contract ratification vote conducted by the American Arbitration Association. negotiations conducted in the month of April and May 2016 special executive board meetings. NMDU is required to maintain minutes of all membership or executive board meetings and must report any disbursement authorizations made at those meetings.

Additionally, NMDU was unable to locate executive board membership meeting minutes that reflect approval to pay automobile insurance on personal cars owned by you, President Bentvena and former Business Representative Thomas Lodico during the audit year. You and President Bentvena advised OLMS that it has been a past practice from prior administrations to cover automobile insurance payments since the union does not provide cars to officers. You added that NMDU has eliminated the business representative positions over the years resulting in their duties combined with the President and Vice President duties with no salary increase. However, you were unable to locate any executive board or general membership meeting minutes reflecting authorization of automobile insurance payments. As mentioned above, NMDU is required to maintain minutes of all membership that report disbursement authorization.

Based on your assurance that NMDU will retain adequate documentation in the future and obtain executive board authorization to update officers' automobile insurance payments covered by

NMDU, OLMS will take no further enforcement action at this time regarding the above violations.

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. NMDU inadvertently did not renew their bond policy which expired in 2017. However, NMDU obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issues

As we discussed and you concurred during the exit interview, all funds should be spent towards the union's benefit.

I want to extend my personal appreciation to Newspaper & Mail Deliverers Union 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,

A large black rectangular redaction box covering the signature of the Senior Investigator.

Senior Investigator