



October 17, 2011

Mr. Tom Minshall, President
Letter Carriers, Natl Asn, AFL-CIO (NALC)
Branch 246
P.O. Box 2145
Kalamazoo, MI 49003

Case Number: [REDACTED]
LM Number: 081967

Dear Mr. Minshall:

This office has recently completed an audit of NALC Branch 246 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 Branch 246 Treasurer Bruce Hunter on September 28, 2011, 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.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires the president and treasurer, or corresponding principal officers, of each labor organization to file an annual financial report accurately disclosing the union's financial condition and operations. The report must be filed within 90 days after the end of the labor organization's fiscal year. As Branch 246's fiscal year ends on December 31, it must file its annual financial report by March 31 of each year (or by March 30 in a leap year). Branch 246 filed its Form LM-3 for the fiscal year ended December 31, 2010, on September 14, 2011. Furthermore, Branch 246's LM reports have been delinquent for all but one fiscal year since 2004. The law does not authorize OLMS to grant an extension of time for filing reports. At the exit interview, Mr. Hunter agreed that Branch 246 will file all future reports with OLMS in a timely manner.

The audit disclosed additional violations of LMRDA Section 201(b), in that the Labor Organization Annual Report, Form LM-3, filed by Branch 246 for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Period Covered Not Completed

The period covered by the report indicated in Item 2 (Period Covered) had a beginning date of January 1, 2010, but did not have an ending date. The period covered should be a 12-month period ending on your organization's fiscal year ending date and should never cover a period of more than one year. For example, January 1, 2010 through December 31, 2010 is valid, but January 1, 2010 through January 1, 2011 is not, since this would cover a year and a day. A period of less than 12 months is acceptable only in certain circumstances

(such as if your organization has terminated or the fiscal year ending date has changed) and the reason must be explained in Item 56 (Additional Information).

2. Disbursements to Officers

While the report accurately listed all Branch 246 officers and payments to them in Item 24 (All Officers and Disbursements to Officers), some officers' titles were omitted. Enter in Column (B) the title of the position each officer listed held during the reporting period. If an officer held more than one position during the reporting period, list each additional position and the dates during which the officer held the position in Item 56 (Additional Information).

3. Dues and Per Capita Tax

Your organization's parent body (NALC) receives Branch 246 member dues directly from the U.S. Postal Service through a checkoff arrangement. The NALC retains a portion of dues checkoff for per capita tax and transmits the balance to Branch 246. In reporting such arrangement, Branch 246 improperly included \$42,426 of dues checkoff that was received by the NALC on behalf of Branch 246 in Item 38 (Dues) and \$42,426 of per capita tax that was retained by the NALC in Item 47 (Per Capita Tax).

Any portion of dues checkoff that is retained by the NALC for per capita tax or other purposes, such as a special assessment, should not be reported on Branch 246's Form LM-3 as either a receipt or a disbursement. Any amounts other than per capita tax that are retained by the NALC must be explained in Item 56 (Additional Information) on Branch 246's report. For example, if the NALC retained \$500 of Branch 246's dues checkoff as payment for supplies purchased from the NALC by Branch 246, then this should be explained in Item 56 of Branch 246's LM-3 report, but the \$500 should not be included as a receipt or a disbursement.

If, however, the NALC functions as an agent receiving and disbursing funds of Branch 246 to third parties (i.e., any party other than an affiliate of Branch 246), then these receipts and disbursements must be included on Branch 246's LM-3 report. For example, if the NALC receives Branch 246's dues and makes disbursements from that money on behalf of Branch 246 (such as payments to an attorney for legal services or to a surety company for bonding premiums), those receipts and disbursements must be included on Branch 246's report.

Branch 246 must file an amended Form LM-3 for the fiscal year ended December 31, 2010, to correct the deficient items discussed above. The amended LM-3 report must be filed by no later than October 31, 2011. Branch 246 can acquire and complete Form LM-3 in several different ways: 1) Use a web-enabled computer to access the OLMS Electronic Forms System (EFS) to complete, sign, and electronically file a Form LM-3 report without purchasing a digital signature or downloading special software; 2) download and print a non-interactive PDF version of the Form LM-3, complete it manually, and mail the completed, signed report to OLMS; or 3) contact OLMS for paper copies of Form LM-3. The EFS and the non-interactive PDF version of the Form LM-3 can be found at www.olms.dol.gov. OLMS strongly encourages electronic filing.

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Before filing, review the reports thoroughly to be sure they are complete, accurate, and properly signed.

I want to extend my personal appreciation to NALC Branch 246 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 Investigator [REDACTED] at (616) 456-2335.

Sincerely,

Ian Burg
District Director

Cc: Bruce Hunter, Treasurer