



February 28, 2023

Carmen Penny, President
Letter Carriers, National Asn AFL-CIO
Local Union 106
2800 Zelda Road
Suite 100-10
Montgomery, AL 36106-2685

Case Number: 410-6025718()
LM Number: 080075

Dear Carmen Penny:

This office has recently completed an audit of Letter Carriers, National Asn AFL-CIO Branch 106 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, Clarence Moten, and Breonna Jackson on February 10, 2023, 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 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 106 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Branch 106's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. For the fiscal year ending December 31, 2021, Branch 106 reported a beginning balance of \$143,277.00 on the 2021 Form LM-3. Branch 106 only accounted for the cash in the union's checking account. The union did not account for a savings account valued at \$1,119.34, or four certificates of deposit valued at \$2,644.56; \$2,637.06; \$2,694.28; and \$2,680.91 when it reported the beginning of year balance. The union's beginning of year balance should have been \$155,053.15.

Branch 106 must file an amended Form LM-3 for the fiscal year ended December 31, 2021, to correct the deficient item discussed above. The report must be filed electronically using the

Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than March 3, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violations

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.

1. Inadequate Bonding

The audit revealed that Branch 106's officers and employees were not bonded for the minimum amount required at the time of the audit. The union's reported beginning balance for the fiscal year on the Form LM-3 was \$143,277.00. The Form LM-3 listed a bond of \$25,000. The union did not account for a savings account valued at \$1,119.34, or four certificates of deposit valued at \$2,644.56; \$2,637.06; \$2,694.28; and \$2,680.91 when it reported the beginning of year balance. The union's beginning of year balance should have been \$155,053.15. The union's total liquid assets should have been \$271,307.15. The union should have been bonded for at least \$27,131.00. The union was under bonded by \$2,131.00. However, Branch 106 obtained adequate bonding coverage for \$40,000 and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Letter Carriers, National Asn AFL-CIO Branch 106 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