



February 23, 2023

Laura Smith, Treasurer  
National Association of Letter Carriers  
NALC, Branch 333  
[REDACTED]

Case Number: 110-6025325( [REDACTED] )  
LM Number: 080883

Dear Ms. Smith:

This office has recently completed an audit of NALC Branch 333 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 President Roger Martinkovic on February 16, 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.

#### 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 333's 2021 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Branch 333 did not retain adequate documentation for credit card expenses incurred by officers totaling at least \$383.76. For example, no receipt was retained for Nirchi's Pizza totaling \$156.11.

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. Reimbursed Auto Expenses

Western District Vice President Kevin VanKuren, who received reimbursement for business use of his personal vehicle, did not retain adequate documentation to support payments to him totaling at least \$1,679.87 during 2021. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

Based on your assurance that Branch 333 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 333 for the fiscal year ended December 31, 2021, was deficient in the following area:

Disbursements to Officers

Branch 333 did not properly report payments to officers in Item 24 (All Officers and Disbursements to Officers), Column's D (Gross Salary) and Column E (Allowances and Other Disbursements). It appears the union only reported net amounts in Column D, and did not include some reimbursements to officers totaling at least \$2,760 in the amounts reported in Column E. It appears the union erroneously reported these disbursements elsewhere on the form.

The union must report the gross salary of each officer (before tax withholdings and other payroll deductions) in Item 24, Column D. Also, the union must report most direct disbursements to Branch 333 officers and some indirect disbursements made on behalf of its officers in Item 24 Column E. 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).

I am not requiring that Branch 333 file an amended LM report for 2021 to correct the deficient items, but Branch 333 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### Other Violation

The audit disclosed the following other violation:

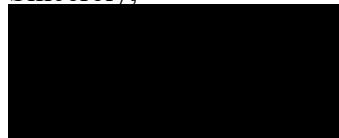
##### Inadequate Bonding

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 Branch 333's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Branch 333 obtained adequate bonding coverage and provided evidence of this to OLMS following the February 16, 2023 meeting. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to NALC Branch 333 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 black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Roger Martinkovic, President