



February 7, 2023

Jeffrey Wagner, President
Letter Carriers, Natl Asn, AFL-CIO
Branch 1690
1840 Alice Avenue
West Palm Beach, FL 33406

Case Number: 410-6025481()
LM Number: 081239

Dear Mr. Wagner:

This office has recently completed an audit of Letter Carriers, Natl Asn, AFL-CIO Branch 1690 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, Vice President Patricia Badini, and office secretary Teresa Dyben on February 2, 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 1690's 2022 records revealed the following recordkeeping violations:

1. Disposition of Property

Branch 1690 did not maintain an inventory of calendars and t-shirts it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 (Other Assets) 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, 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.

2. Receipt Dates not Recorded

Entries in Branch 1690's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization 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.

Based on your assurance that Branch 1690 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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-2) filed by Branch 1690 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1. Subsidiary Organization

Item 11b (During the reporting period did your organization have a subsidiary organization as defined in Section X of these instructions?) was incorrectly answered, "No."

Branch 1690 had a subsidiary organization during 2021. As stated in the LM-2 report directions, a labor organization is required to report financial information for each of its subsidiary organizations using one of two methods. Branch 1690 did not report the financial information for its building corporation on its LM-2 report.

2. Sale of Supplies (LM-2)

Branch 1690 did not correctly report receipts from the sale of supplies or disbursements for supplies for resale. The LM-2 instructions require that the union report receipts from the sale of supplies in Item 39 (Sale of Supplies) and disbursements for supplies for resale in Item 59 (Supplies for Resale). In addition, it must report the value of any supplies for resale on hand at the beginning and end of the year in Item 28 and Schedule 7 (Other Assets).

I am not requiring that Branch 1690 file an amended LM report for 2021 to correct the deficient items, but Branch 1690 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

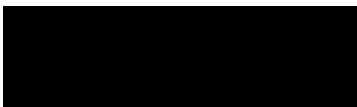
1. Inadequate Bonding

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 1690's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Branch 1690 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.

I want to extend my personal appreciation to Letter Carriers Branch 1690 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 solid black rectangular box used to redact the signature of the investigator.

Investigator