



July 18, 2023

Ms. Wendy D. Eaton, President
National Association of Letter Carriers
Branch 3867
130 Munger Street
Pasadena, TX 77506

Case Number: 420-6026118()
LM Number: 089833

Dear Ms. Eaton:

This office has recently completed an audit of the National Association of Letter Carriers (NALC) Branch 3867, 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, Treasurer Donna Vasquez, Vice President Dexter Walley, Health Benefits Representative Kathy Tar-Taylor, Trustees Ana Treviño, and Clifford Hayes, and Steward Dianna Parker, on July 14, 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 3867's 2022 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Branch 3867 did not retain adequate documentation for reimbursed expenses incurred by Clifford Hayes and Oscar Cardenas totaling at least \$3,358.94. Hayes and Cardenas did not submit their hotel folio and airfare receipts to verify the cost of their travel to the NALC National Convention in Chicago, IL in August 2022. The warrants also do not disclose the amount of per diem paid to Hayes and Cardenas.

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. Failure to Record Receipts and Disbursements

The NALC National Constitution, Article 8, Section 4, states that the Treasurer, "shall keep a true and correct account of all moneys received and paid out belonging to this Association, and shall at the end of their term, or when called upon by the Executive Board, account for and deliver to this Association or their successor in office all moneys, books, papers, securities, and other property of said Association that may have come into their hands that have not been previously and lawfully disposed of." Branch 3867 did not maintain receipts records of the dues received from employer dues checkoff records and deposited in the checking account. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Branch 3867 failed to maintain an accurate disbursements journal or record in their financial records the union's disbursement for the reporting period. The records should show the date, amount paid, the payee, and the purposes of the disbursement. Branch 3867 failed to record at least 112 disbursements, regarding the dues refund to its members, totaling \$28,000.

3. Lost Wages

Branch 3867 did not retain adequate documentation for lost wage reimbursement payments to steward Wendy D. Eaton totaling at least \$868.68. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Branch 3867 did not complete a lost wage voucher or record the applicable rate of pay paid to Ms. Eaton.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Branch 3867 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

4. Information not Recorded in Meeting Minutes

During the audit, Trustees Clifford Hayes and Ana Treviño advised OLMS that the executive board authorized the payments of lost time to Steward Wendy D. Eaton at either the July or October 2022 membership meeting. The NALC National Constitution, Article 8, Section 5, states that the executive board, “shall examine all bills, approve the same if found correct, and keep a correct account of all bills audited.” However, the minutes of the meetings do not contain any reference to those issues. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

5. Executive Board meeting minutes

The NALC National Constitution, Article 8, Section 3, states that the secretary, “shall read or cause to be read all communications, reports, etc.” During the audit, Secretary Elidia Amador advised that she did not maintain the minutes of the executive board meetings. All meeting minutes, both membership and executive board, must be maintained by Branch 3867.

Based on your assurance that Branch 3867 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Branch 3867’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. Treasurer Donna Vasquez acknowledged that she was unaware of how to reconcile the union’s account balances to the bank balances on the bank statements. Vasquez also admitted that she used the monthly ending balances from the bank statements for the checking and savings accounts as the branch’s ending balances. OLMS showed Vasquez how to reconcile the union’s account balances to the bank balances on the bank statements.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Branch 3867 amended its constitution and bylaws in 2019, but did not file a copy with its LM report for that year.

As agreed, Branch 3867 will file a copy of its bylaws with OLMS as soon as possible but not later than July 21, 2023.

Other Issues

The Branch 3867 officers disclosed that they have a past practice of paying lodging expenses to members who attend national, state, and district meetings, although some of those attendees do not actually incur lodging expenses. Some Branch 3867 members choose to share a hotel room with another member, or stay with friends, relatives, and acquaintances, and do not incur lodging expenses during union travel. The officers explained that they based their decision to reimburse these members for lodging expenses from their interpretation of Branch 3867's Bylaws, Article 9, Section 3. Individual members should not be benefiting financially from travel when they have not incurred legitimate lodging expenses. The Branch 3867 officers agreed that they will inform their members that they will only reimburse lodging expenses when the member submits actual receipts of the lodging expenses.

I want to extend my personal appreciation to the National Association of Letter Carriers 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

cc: Ms. Donna Vasquez, Treasurer
Ms. Elidia Amador, Secretary