



August 7, 2023

Duane Christianson, President  
Letter Carriers, AFL-CIO Branch 401  
222 West Avenue  
Red Wing, MN 55066

Case Number: 320-6025285( )  
LM Number: 084253

Dear President Christianson:

This office has recently completed an audit of Letter Carriers, AFL-CIO Branch 401 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 Todd Cohenour, and former Treasurer Seth Hetherington on August 3, 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 401's 2020, 2021, and 2022 records revealed the following recordkeeping violation:

## Lack of Authorization for Salaries and Dues Rebates

Branch 401 did not maintain records to verify the salaries and dues rebates reported in Item 18 (Total Payments to Officers and Employees Made by Your Organization during the Reporting Period) of the LM-4 were the authorized amounts and therefore correctly reported.

At the opening interview, former Treasurer Hetherington advised that you increased officers' salaries in 2021 to encourage members to hold union office and that Branch 401 also issues annual dues rebates to all members. However, authorization for the union's current officer salaries and its annual dues refunds could not be identified in any union records.

The union must keep a record, such as meeting minutes, to show the current salaries and dues rebates authorized by the entity or individual in the union with the authority to establish salaries and dues rebates.

Based on your assurance that Branch 401 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-4) filed by Branch 401 for the fiscal year ended December 31, 2022 was deficient in the following areas:

### 1. Total Assets

Branch 401 did not properly report the assets it had on hand at the end of the reporting period in Item 14 (Total Value of your Organization's Assets at the End of the Period). The audit revealed that Branch 401 had assets totaling \$5,933 at the end of the year; however, the total amount reported in Item 14 was \$639.

The union must report the total value of all of its assets at the end of the reporting period in Item 14. The amount should include cash on hand and in banks, property, loans owed to the union, investments, office furniture, automobiles, and anything else owned by the labor organization.

### 2. Total Receipts

Branch 401 did not include receipts totaling \$613 that were received during the reporting period in the amount reported in Item 16 (Total Receipts of Your Organization during the Reporting Period). The audit revealed that Branch 401 received receipts totaling \$5,424 during the year; however, the total amount reported in Item 16 was \$4,811.

The union must report the total amount of all receipts it received during the reporting period in Item 16. The amount should include, for example, dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, and loans received by the union. The union should also include payments in lieu of dues received from any non-member employees as a condition of employment under a union security provision in a collective bargaining agreement.

### 3. Total Disbursements

Branch 401 did not properly report the total disbursements that were made during the reporting period in the amount reported in Item 17 (Total Disbursements Made by Your Organization during the Reporting Period). The audit revealed that Branch 401 made disbursements totaling \$20 during the year; however, the total amount reported in Item 17 was \$5,294.

The union must report the total amount of all disbursements it made during the reporting period in Item 17. The amount should include, for example, net payments to officers and employees, per capita tax and any other fees or assessments which the union paid to any other labor organization, payments for administrative expenses, loans made by the union, and taxes paid.

### 4. Disbursements to Officers and Employees

Branch 401 did not properly report the payments it made to officers and employees during the reporting period in Item 18. The audit revealed that Branch 401 did not make any payments to officers and employees during the year; however, the total amount reported in Item 18 was \$5,294.

The union must report the total amount of all payments to officers and employees made by it during the reporting period in Item 18. The amount should include, for example, gross salaries; lost time pay; monthly, weekly, or daily allowances; and disbursements for conducting official business of the union as well as disbursements which were essentially for the personal benefit of the officer or employee.

Branch 401 must file an amended Form LM-4 for fiscal year ended December 31, 2022 to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at [www.olms.dol.gov](http://www.olms.dol.gov). The amended Form LM-4 must be filed no later than September 1, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

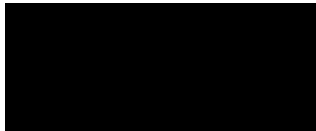
Other Issue

Two Signatures on Checks

At the opening interview, former Treasurer Hetherington stated that Branch 401 checks are signed by only one officer; however, the *NALC Constitution for the Government of Subordinate and Federal Branches* requires two signatures on all checks issued by local branches. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Branch 401 review its disbursements procedures to improve internal control of union funds.

I want to extend my personal appreciation to Letter Carriers Branch 401 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

cc: Todd Cohenour, Treasurer  
Seth Hetherington, former Treasurer