



September 27, 2023

Mr. Beau Dorrough, President
National Association of Letter Carriers
Branch 883
PO Box 883
Shawnee, OK 74802

Case Number: 420-6026312()
LM Number: 090866

Dear Mr. Dorrough:

This office has recently completed an audit of National Association of Letter Carriers (NALC) Branch (BR) 883 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, Secretary Treasurer Laura Wilson, and Vice President Corey Lee on September 26, 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 NALC BR 883's 2022 records revealed the following recordkeeping violations:

1. Christmas Gift Card Gifts and Expenses

NALC BR 883 did not retain adequate documentation for reimbursed expenses in the amount of \$1,300.00 to Shane Whitehead for Christmas gift cards. The union must retain an inventory or similar record of the gift cards and the recipients. The union must retain records that identify the date the items were purchased, given away, and the recipients of those items. The union also failed to retain adequate documentations for expenses incurred by Secretary Treasurer Nathan Palmer totaling at least \$1,530.15 to Billy Boys (\$1,433.80) and Dominos (\$96.35).

2. General Reimbursed Expenses

NALC BR 883 did not retain adequate documentation for reimbursed expenses and incurred by Secretary Treasurer Nathan Palmer, Steward Travis Palmer, and Trustee Jeffery Franklin totaling at least \$1,621.88.

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.

3. Lack of Salary Authorization

NALC BR 883 did not maintain records to verify that the salaries reported on Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that NALC BR 883 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-3 filed by NALC BR 883 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Disbursements to Officers

NALC BR 883 did not include some reimbursements to Steward Travis Palmer totaling at least \$54.95 and Secretary Treasurer Nathan Palmer totaling at least

\$701.37 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 51.

The union must report most direct disbursements to NALC BR 883 officers and some indirect disbursements made on behalf of its officers in Item 24. 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).

2. Per Capita Tax Disbursements

NALC BR 883 failed to properly report Per Capita Tax Disbursements. Per Capita Tax disbursements to Oklahoma State AFL-CIO were over reported in the amount of \$11,767 on the LM-3 Report. During the audit period ending 12/31/22, the union only disbursed \$567.60 in per capita tax.

3. Gift Card Reimbursement

NALC BR 883 failed to properly report a reimbursement totaling \$1,300.00 to Shane Whitehead. The reimbursement was inaccurately reported on Item 51 (Contributions, Gifts, and Grants). All checks written to a union member or officer must be reported on Items 45 or 46.

NALC BR 883 must file an amended Form LM-3 for the 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. The amended Form LM-3 must be filed no later than October 15, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violation

Non-Union Account

A total of \$20,000.00 was transferred from a union account into a Certificate of Deposit account in the name other than the union. Union funds should remain in union accounts with the appropriate signatories. Union funds should not be transferred into accounts without the approval of the membership.

The union has now moved all union funds into an account held by the union with adequate union signatories.

Other Issue

Bank Account Signatory

During the audit, you advised that Secretary Treasurer Nathan Palmer was the only signer on the union's checks. Your union's bylaws require that all checks be signed by the president and treasurer. 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.

The union has now obtained additional signatories on the union's accounts. OLMS recommends that NALC BR 883 continue to review procedures to improve internal control of union funds.

I want to extend my personal appreciation to NALC BR 883 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: Mr. Corey Lee, Vice President
Ms. Laura Wilson, Secretary Treasurer
Mr. Jeffrey Franklin, Trustee
Mr. Travis Palmer, Steward
Mr. Jonathan Knaplin, Steward
Mr. Ryan Baca, Trustee