



January 24, 2024

Ms. Delonna Callaway, President
Rural Letter Carriers State Association
PO Box 714
Collinsville, OK 74021

Case Number: 420-6027189()
LM Number: 088388

Dear Ms. Callaway:

This office has recently completed an audit of Rural Letter Carriers State Association 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 Michele Hester, Vice President Jana Tiger, Executive Committeeman Wendy Sherman, and Executive Committeeman Summre Matney on January 23, 2024, 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 Rural Letter Carriers State Association's 2023 records revealed the following recordkeeping violations:

1. General Expenses

Rural Letter Carriers State Association did not retain adequate documentation for expenses for D. Ned Webster and National Rural Letter Carrier Association totaling at least \$1,620.09.

2. Officer Expenses and Salaries

Rural Letter Carriers State Association did not retain adequate supporting documentation for salary and lost time disbursements to President Delonna Callaway and Treasurer Michele Hester totaling at least \$20,126.56. The union also failed to retain adequate documentation for reimbursements to President Delonna Callaway totaling at least \$1,295.43. The union will retain all supporting documents.

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.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Rural Letter Carriers State Association 2023's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

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 LM-3 filed by Rural Letter Carriers State Association for the fiscal year ended June 30, 2023 was deficient in the following areas:

1. 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. Rural Letter Carriers State Association amended its constitution and bylaws in 2022, but did not file a copy with its LM report for that year.

2. Disbursements to Officers

The union failed to report allowances and other disbursements to President Delonna Callaway, Treasurer Michele Hester, Vice President Jana Tiger, and Executive Committeeman Don Miller totaling at least \$39,142.41 on the LM-3 Report. The union will amend the LM-3 Report.

The union must report most direct disbursements to Rural Letter Carriers State Association 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).

Rural Letter Carriers State Association must file an amended Form LM-3 for the fiscal year ended June 30, 2023. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The Form LM-3 must be filed no later than February 7, 2024. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

The audit revealed that Rural Letter Carriers State Association officers and employees were not bonded for the minimum amount required at the time of the audit. However, Rural Letter Carriers State Association 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 Rural Letter Carriers State Association 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. Michele Hester, Treasurer
Ms. Jana Tiger, Vice President
Ms. Peggy Arnold, Committeeman
Ms. Summre Matney, Committeeman
Mr. Don Miller, Committeeman
Ms. Wendy Sherman, Committeeman