



September 2, 2014

Mr. Jeral Martin, President  
NALC Branch 47  
5151 W. 1<sup>st</sup> Ave.  
Denver, CO 80219

Case Number: 510-6002358  
LM Number: 082638

Dear Mr. Martin:

This office has recently completed an audit of NALC Branch 47 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 Vice President Alex Aguilar, Treasurer Gary Spreng, and Financial Secretary Vern Evenson on July 29, 2014, 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.

#### 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 47 for the fiscal year ended December 31, 2013, was deficient in the following areas:

1. Failure to Itemize Disbursements

Branch 47 did not properly report several "major" transactions in Schedules 15-19. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that vendors with reportable transactions were not listed on the LM-2 for the fiscal year ending December 31, 2013.

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 47 amended its constitution and bylaws in 2012, but did not file a copy with its LM report for that year.

Branch 47 has now filed a copy of its constitution and bylaws.

3. Disbursements to Officers

Branch 47 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year regardless of whether they received any payments from the union.

The union must report most direct disbursements to Branch 47 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).

I am not requiring that Branch 47 file an amended LM report for 2013 to correct the deficient items, but Branch 47 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation:

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.

Branch 47's officers and employees are currently bonded for \$75,000, but they must be bonded for at least \$173,000. Branch 47 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than September 30, 2014.

Other Issues

Expense Policy

As I discussed during the exit interview with Vice President Alex Aguilar, Treasurer Gary Spreng, and Financial Secretary Vern Evenson on July 29, 2014, the audit revealed that Branch 47 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement and the types of expenses that may be charged to union credit cards. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to NALC Branch 47 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. Gary Spreng, Treasurer  
Mr. Vern Evenson, Finaicial Secretary