



March 31, 2016

Mr. Brandon Brenner, Treasurer  
Letter Carriers Branch 404  
P.O. Box 8753  
Waco, TX 76714-8753

Case Number: 420-6006925  
LM Number: 081320

Dear Mr. Brenner:

This office has recently completed an audit of Letter Carriers Branch 404 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, President Everett Wyllie and Secretary Anthony Garcia on March 16, 2016, 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 Violation

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 404's 2014 records revealed the following recordkeeping violation:

#### General Disbursements

Local 404 did not retain adequate documentation for four general union disbursements and credit card transactions totaling at least \$426.77. For example, no receipt or invoice was maintained for two membership meeting meals purchased at Slice of Heaven totaling \$222.00

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

Based on your assurance that Branch 404 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

### Reporting Violations

The audit disclosed violations 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 Branch 404 for the fiscal year ended December 31, 2014, was deficient in that:

#### 1. Disbursements to Officers

Branch 404 did not list officers who did not receive a salary in Item 24 (All Officers and Disbursements to Officers). Vice-President Jarrod Parry, Editor Marcella Sanders, and Trustees Jennifer Lathern, Ron Taggert, and Raymond Castaneda received travel payments and dues reimbursements for the audit year totaling at least \$14,804, as such should have been reported next to their name in Item 24, Column E (Allowances and Other Disbursements). Such payments appear to have been erroneously reported in Item 48 (Office and Administrative).

The union must report most direct disbursements to Branch 404 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. An "indirect disbursement" to an officer is a payment to another party (including check card companies) 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. Payments to Treasury

Branch 404 made disbursements totaling at least \$1,049 to the U.S. Treasury. These disbursements should have been reported in Item 54 (Other Disbursements).

Enter all disbursements made by your organization not reported in Items 45 through 53, including fees, fines, assessments, supplies for resale, repayments of loans obtained, transmittals of fund collected for third parties, educational and publicity expenses,

withholding taxes, and payments for the accounts of affiliates and other third parties in Item 54 (Other Disbursements).

I am not requiring that Branch 404 file an amended LM report for 2014 to correct the deficient items. Branch 404 LM report for 2015 is due. Branch 404 has completed its report and the Investigator has reviewed the report for compliance.

I want to extend my personal appreciation to Letter Carriers Branch 404 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,



Senior Investigator

cc: Everett Wyllie, President  
Anthony Garcia, Secretary