**U.S. Department of Labor**

Employment Standards Administration
Office of Labor-Management Standards
Chicago District Office
230 South Dearborn Street
Room 774, Federal Office Building
Chicago, IL 60604
(312)596-7160 Fax: (312)596-7174

February 8, 2007

David Chambers –Treasurer
Letter Carriers, NATL, ASN
Branch 753
P.O. Box 1753
Valparaiso, IN 46384

Re: Case Number: [redacted]

Dear Mr. Chambers :

This office has recently completed an audit of Letter Carriers, NATL, ASN, Branch 753 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 on January 29, 2007, 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.

The CAP 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 constitution or bylaw changes are made. Branch 753 amended its constitution and bylaws in March 2004, but a copy was not filed with its LM report for that year. A copy of Branch 753 bylaws has now been filed.

The audit also 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 handled by those individuals or their predecessors during the preceding fiscal year. Branch 753's officers and employees are currently not bonded but they must be bonded for at least $2,518.00. Branch 753 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than February 16, 2007.

Adequate internal financial controls are essential in order for a union to fulfill its obligations under Title II and Title V of the LMRDA. Section 501 of the LMRDA outlines general fiduciary responsibility for officers and employees of labor organizations. Union officials occupy positions of trust and therefore, must ensure that the union's funds and other assets are used solely for the benefit of the union and its members. To prevent, or at least inhibit, the misuse of embezzlement

of funds, many unions install internal controls over the handling of their finances. Adequate and effective internal controls require a separation of functions and responsibilities among a number of individuals who are actively involved in the financial process and who provide a system of "checks and balances" over each other's activities. Below are the internal controls that are lacking in your union and should be established in order to more effectively safeguard union funds:

- Require that all checks drawn on the union's bank account have a second signature to attest to the authenticity of the completed document.

- Require the disbursement procedure prescribed in Article VI Section 6 of your bylaws are followed so that the membership approves all disbursements.

I want to extend my personal appreciation to you 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,

[redacted]
Investigator

cc: Joan Hoptowit - President