

**U.S. Department of Labor**

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February 11, 2010

Ms. Enedina Chavez-Williams, Secretary-Treasurer  
Postal Mail Handlers, LIUNA Local 302  
5901 Christie Avenue, Suite 301  
Emeryville, CA 94608

LM File Number: 091-866  
Case Number: [REDACTED]

Dear Ms. Chavez-Williams:

This office has recently completed an audit of Postal Mail Handlers Local 302 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 and President Ernie Grijalva on February 8, 2010, 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 Local 302 for fiscal year ending December 31, 2008, was deficient in the following area:

1. Automobile Expenses

Local 302 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) disbursements for the operation and maintenance of union automobiles.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses

and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

## 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. Local 302 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year. Local 302 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 302 file an amended LM report for 2008 to correct the deficient items, but Local 302 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. Local 302's officers and employees are currently bonded for \$150,000, but they must be bonded for at least \$162,000. Local 302 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 March 10, 2010.

I want to extend my personal appreciation to Postal Mail Handlers Local 302 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. Ernie Grijalva, President

cc: Mr. Jong H. Lee, CPA