



June 14, 2010

Mr. Scott Boehm, President
Letter Carriers, National Association, AFL-CIO
Branch 957
PO BOX 1302
Bismarck, ND 58502-1302

Case Number: [REDACTED]
LM Number: 080-098

Dear Mr. Boehm:

This office has recently completed an audit of Letter Carriers, National Association, AFL-CIO Branch 957 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 Secretary-Treasurer Douglas Haugen on May 20, 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.

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 Branch 957's 2009 records revealed the following recordkeeping violation:

General Expenses

Branch 957 did not retain adequate documentation for expenses totaling at least \$1,981. For example, the branch held a Christmas Party in December 2009 at the Elks Lodge in Bismarck and purchased \$841.40 in food and drinks for members who attended the party. However, Branch 957 did not retain a receipt to support the payment to the Elks Lodge. In another example, a voucher indicates Branch 957 paid \$237.50 to the Metrodome Holiday Inn in Minneapolis, MN for lodging when you attended training, but you did not retain a receipt for the hotel expense.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Branch 957 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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-3) filed by Branch 957 for fiscal year ending December 31, 2009, was deficient in the following areas:

1. Acquire/Dispose of Property (Additional Information)

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered "Yes," because the union gave away gift cards and various prizes at the picnic and Christmas party during the year. The type and value of any property received or given away must be identified in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. For reporting purposes, each recipient need not be itemized. Recipients can be described by broad categories, if appropriate, such as "members" or "new retirees."

2. Disbursements to Officers

Branch 957 did not include reimbursements to officers totaling at least \$3,500 in Column E (Allowances and Other Disbursements) of Item 24 (All Officers and Disbursements to Officers). The total payments to officers reported on Column E are \$1,092. However, union records show that the total payments to officers for allowances and other disbursements were at least \$4,651.69 (approximately \$3,500 greater than that amount). For example, you received at least \$2,235 in reimbursed expenses. However, only \$507 was reported next to your name in Column E of Item 24. It appears some payments were

erroneously included in the amounts reported Item 48 (Office and Administrative Expenses) and/or Item 54 (Other Disbursements).

Most direct disbursements to Branch 957 officers and some indirect disbursements made on behalf of its officers must be reported 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 957 file an amended LM-3 report for 2009 to correct the deficient items, but Branch 957 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Letter Carriers Branch 957 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. Douglas Haugen, Secretary-Treasurer