



November 30, 2010

Mr. Leman D. Clark, President  
Letter Carriers, Nat'l Assn, AFL-CIO, BR 4  
P O Box 140816  
Nashville, TN 37214-0816

Case Number: [REDACTED]  
LM Number: 084111

Dear Mr. Clark:

This office has recently completed an audit of Letter Carriers, Nat'l Assn, AFL-CIO, BR 4 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 Office Secretary Terry Smoot on November 23, 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-3 filed by Branch 4 for fiscal year ending December 31, 2009, was deficient in the following areas:

##### 1. Disbursements to Officers

Branch 4 did not include some reimbursements to officers totaling at least \$4,845.34 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to Branch 4 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).

2. Automobile Expenses

Branch 4 did not include in the amounts reported in Item 24 (All Officers and Disbursements to Officers) disbursements for the operation and maintenance of union automobiles totaling at least \$1,054.82. It appears the local incorrectly reported these amounts with the amounts reported in Item 48. The LM-3 instructions for Item 24 require that the local report in Column E of Item 24 (Allowances and Other Disbursements) the total maintenance and operating costs of any automobile it owned or leased and assigned to an officer, whether the use was for official business or for the personal benefit of the officer.

I am not requiring that Branch 4 file an amended LM report for 2009 to correct the deficient items, but Branch 4 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, Nat'l Assn, AFL-CIO, BR 4 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