U.S. Department of Labor

Office of Labor-Management Standards
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June 7, 2018

Mr. Ruben Perez, President
Letter Carriers, National Association, AFL-CIO
Minnesota State Association
P.O. Box 161
Austin, MN 55912-1061

Case Number: 320-6012629[redacted]
LM Number: 083465

Dear Mr. Perez:

This office has recently completed an audit of Minnesota State Association of Letter Carriers (MNSALC) 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 Treasurer Eric Marquardt on May 23, 2018, 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 MNSALC's 2016 and 2017 records revealed the following recordkeeping violations:

1. General Fund Expenses

   MNSALC did not retain adequate supporting documentation for at least two expenses paid to vendors totaling at least $1,600. Both disbursements were made to "Twin Cites BMEU" for the permits associated with the printing of the association's newsletter. MNSALC did not keep any records, such as a receipt or invoice, to support the payments, which is not sufficient.

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

2. Meal Expense

   Former President Warren Wehmas did not submit an itemized receipt for a $25.02 meal expense incurred at Blackbird Café for a meal with an "LCCL prospect." In support of this expense, Mr. Wehmas only kept the signature copy of the receipt, which is not sufficient. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Based on your assurance that Local 390 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

<u>Reporting Violations</u>

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 MNSALC for the fiscal year ended December 31, 2017, was deficient in that:

Disbursements to Officers

MNSALC did not include some reimbursements to officers totaling at least $1,021 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union may have erroneously reported these payments in Item 48 (Office and Administrative Expenses).

In addition, MNSALC did not report you and the total amounts of payments to you or on your behalf in Item 24. During the audit, you advised that you were elected as the president in 2017. The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to MNSALC 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 for room rent only) 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 MNSALC file an amended LM-3 report for 2017 to correct the deficient items, but MNSALC has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to MNSALC 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: Mr. Eric Marquardt, Treasurer