



February 8, 2018

Mr. Jerrel Kinloch, President
Letter Carriers, Natl Asn, AFL-CIO
Branch 2550
3062 NW 60th Ave.,
Sunrise, FL 33313

Case Number: 410-6009288
LM Number: 081210

Dear Mr. Kinloch:

This office has recently completed an audit of Letter Carriers, Natl Asn, AFL-CIO Branch 2550 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, Treasurer Lori Shomiak, and Recording Secretary Tammie Jo Cadwell on January 31, 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 Branch 2550's 2016 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Branch 2550 did not retain adequate documentation for reimbursed expenses incurred by Dennis Pack totaling at least \$323.10. For example, a voucher to Mr. Pack, dated July 28,

2016 with a claim for \$323.10 for “Travel Expense (other than car)” lacked explanation and back-up documentation for the expense, such as a receipt or invoice.

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. Disposition of Property

Branch 2550 did not maintain an inventory of hats, jackets, and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28. The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

3. Failure to Record Receipts

Branch 2550 did not record in its receipts records some receipts from retired member dues, advertisements purchased in the Branch 2550 newsletter, and reimbursed mileage/travel expenses from officers. For example, OLMS found a record of deposits in QuickBooks and copies of some deposit slips; however, records to show the direct source and/or the date the money was actually received was not recorded. Branch 2550 also failed to record the actual date that some interest was received. In some instances an entry for the total amount received during a quarter or year was entered as opposed to the actual date interest was posted. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

Based on your assurance that Branch 2550 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-2 filed by Branch 2550 for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. Disbursements to Officers and Employees (LM-2)

Branch 2550 did not include charges to the union American Express credit card that was in the name of Tammie Jo Cadwell in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union 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. Branch 2550 amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year.

Branch 2550 has now filed a copy of its constitution and bylaws.

I am not requiring that Branch 2550 file an amended LM report for 2016 to correct the deficient items, but Branch 2550 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, Natl Asn, AFL-CIO Branch 2550 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,



Senior Investigator

cc: Ms. Lori Chomiak, Treasurer
Ms. Tammie Jo Cadwell, Recording Secretary