

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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August 1, 2007

Mr. Richard R. Wildes, Treasurer
Letter Carriers, National Association, AFL-CIO
Branch 2778
P.O. Box 1022
Sparks, NV 89432-1022

LM File Number 090-850

Case Number: [REDACTED]

Dear Mr. Wildes:

This office has recently completed an audit of Letter Carriers Branch 2778 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 Timothy R. Wacker on August 1, 2007, 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 2778's 2006 records revealed the following recordkeeping violation:

General Expenses

Letter Carriers Branch 2778 did not retain adequate documentation for disbursements totaling at least \$1061.96. For example, there were no receipts for \$183.19 paid by the union to PIP Printing and for \$92.00 in movie tickets purchased out of petty cash.

As previously 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.

Based on your assurance that Branch 2778 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 2778 for fiscal year ending December 31, 2006, was deficient in the following areas:]

1. Items 10 Through 21

In Item 20, Branch 2778 erroneously reported that the maximum amount recoverable under the labor organization's fidelity bond for a loss caused by any officer, employee or agent of the labor organization who handled union funds was \$25,000. The audit revealed that Branch 2778 was actually bonded for \$20,000 in FY 2006 and is currently bonded for \$17,500.

2. Disbursements to Officers

Branch 2778 did not include some reimbursements to officers totaling at least \$5,895.53 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 54.

Also, Branch 2778 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). 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 Branch 2778 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).

3. Purchase of Investments & Fixed Assets

The audit revealed that Branch 2778 purchased a new computer, but did not report the disbursement in Item 52 (Purchase of Investments & Fixed Assets). It appears that the union erroneously reported the disbursement in Item 54.

Branch 2778 must file an amended Form LM-3 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than August 24, 2007. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Mr. Richard R. Wildes
August 1, 2007
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I want to extend my personal appreciation to Letter Carriers Branch 2778 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: President Timothy R. Wacker