



September 22, 2020

Ms. Dawn Woloszyn, President  
Letter Carriers, NATL ASN, AFL-CIO  
Branch 1083  
[REDACTED]  
Wisconsin Rapids, WI 54494

Case Number: 320-6018227 [REDACTED]  
LM Number: 083-960

Dear Ms. Woloszyn:

This office has recently completed an audit of the Letter Carriers Branch 1083 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 John Daven on September 9, 2020, 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 1083's 2019 records revealed the following recordkeeping violations:

1. Disbursement Dates not Recorded

Disbursement entries in Branch 1083's check register reflect the date the check disbursement cleared the union's checking account instead of the date that money was actually disbursed (i.e., the date the check was issued). Union disbursement records must

show the date of disbursement. The date of disbursement is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was disbursed could result in the union reporting some disbursements for a different year than when it actually disbursed them.

## 2. Meal Expenses

Branch 1083's records of meal expenses did not always include the name of the restaurant. During the audit year, Branch 1083 held their membership meetings at local restaurants. Branch 1083 provided food and refreshments for the members who attended the meetings. The documentation maintained in support of checks # [REDACTED] (\$44.50), # [REDACTED] (\$60.00), # [REDACTED] (\$22.00), # [REDACTED] (\$41.00) and check # [REDACTED] (\$43.25) were green guest checks in which the name of the restaurant was not identified.

Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. In addition, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

## 3. Disbursements to Vendors and General Reimbursed Expenses

Branch 1083 did not retain adequate documentation for a \$107.75 travel reimbursement to Mr. Sabatke and two payments to third party vendors El Mezcal (\$80) and the Radisson Hotel (\$86.50).

The audit found that check # [REDACTED] (\$257.05) was issued to Mr. Sabatke on November 26, 2019 for expenses he incurred while attending the fall seminar, including per diem, lodging, and mileage. However, Branch 1083 failed to retain any documentation in support of a \$107.75 lodging expense that was listed on the corresponding union voucher.

In addition, Branch 1083 failed to retain any documentation in support of check # [REDACTED] paid to the Radisson Hotel on March 28, 2019 and retained only a photocopy of a meal expense receipt from El Mezcal that was paid with check # [REDACTED] on August 7, 2019.

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.

Based on your assurance that Branch 1083 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 1083 for the fiscal year ended December 31, 2019, was [deficient in that or deficient in the following areas:

1. Disbursements to Officers

Branch 1083 did not report the names of some officers, including Vice President Christine Frederick, and Trustees Dave Sabatke and James Kelnhofer 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. In addition, Branch 1083 failed to report payments to Mr. Sabatke totaling \$303.06 in Item 24. It appears that Branch 1083 erroneously reported the payments to Mr. Sabatke in Item 46 (to Employees).

The union must report most direct disbursements to Branch 1083 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. 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. The audit revealed that Branch 1083 had no bylaws on file with OLMS. Branch 1083 updated their bylaws in 2018, but did not file a copy with its LM report for that year. Branch 1083 most recently updated their bylaws in January 2020. Branch 1083 has now filed a copy of its most recent constitution and bylaws.

I am not requiring that Branch 1083 file an amended LM report for 2019 to correct the deficient items, but Branch 1083 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

Branch 1083's officers and employees are currently bonded for \$1,000, but they must be bonded for at least \$1,226. In addition, the bond includes a deductible, which is a form of self-insurance that fails to meet the bonding requirements of the LMRDA. Branch 1083 must obtain a bond without a deductible. Please provide proof of adequate bonding coverage without a deductible to this office as soon as possible, but not later than September 30, 2020.

I want to extend my personal appreciation to the Letter Carriers Branch 1083 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. Christine Frederick, Vice President  
Mr. John Daven, Secretary Treasurer