



March 24, 2021

Mr. Kenneth Cornell, Treasurer
Letter Carriers Branch 4065

Case Number: 420-602032
LM Number: 083721

Dear Mr. Cornell:

This office has recently completed an audit of Letter Carriers (NALC) Branch 4065 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, President Mitchell Hanson, and Vice President John Bamford on March 9, 2021, 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 NALC Branch 4065 for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Disbursements to Officers

NALC Branch 4065 failed to properly report reimbursements totaling at least \$3,917.40 to Mitchell Hanson, Kenneth Cornell, John Straube, John Bamford, and Sheketha McGee. It appears the union erroneously reported these payments in Item 54. The union also over reported salary disbursements to Kenneth Cornell in the amount of \$600.00. The union under reported salary disbursements totaling \$600.00 to Kenneth Cornell and John Bamford.

The union must report most direct disbursements to NALC Branch 4065 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. NALC Branch 4065 amended its constitution and bylaws in 2020, but did not file a copy with its LM report for that year.

NALC Branch 4065 has now filed a copy of its constitution and bylaws.

3. Overpayment Reported as a Loan

NALC Branch 4065 reported a \$400.00 salary overpayment to John Bamford as a loan on Item 18 of the LM-3 Report. The overpayment was not a loan and was repaid. The union will amend the LM-3 Report.

NALC Branch 4065 filed an amended Form LM-3 for the fiscal year ended December 31, 2019, to correct the deficient items discussed above.

Other Violation

The audit disclosed the following 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.

NALC Branch 4065's officers and employees are currently bonded for \$15,000, but they must be bonded for at least \$22,000. NALC Branch 4065 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than April 9, 2021.

I want to extend my personal appreciation to NALC Branch 4065 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: Mr. Mitchell Hanson, President
Mr. John Bamford, Vice President
Mr. Dana Culpepper, Treasurer
Mr. John Straube, Secretary
Ms. Sheketha McGee, Trustee
Mr. Maurice McIntyre, Trustee
Mr. Ladell Maples, Trustee
Mr. Rafael Caries, Trustee