

U.S. Department of Labor

Employment Standards Administration
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November 25, 2008

Mrs. Gloria Hewitt, President
Letter Carriers, AFL-CIO
Branch 3071
P.O. Box 323
Skokie, Illinois 60076

LM File Number 084-033

Case Number: [REDACTED]

Dear Mrs. Hewitt :

This office has recently completed an audit of Letter Carriers Branch 3071 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 on October 23, 2008, 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 Violation

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 3071's 2006 records revealed the following recordkeeping violation:

Failure to Maintain Adequate Records

The audit of Branch 3071's 2006 records revealed the Branch failed to maintain records to support receipts and disbursements for the entire audit period. The proper maintenance of union records is the personal responsibility of the individuals who are required to file Branch 3071's LM report. Branch 3071 should chronologically itemize all funds received and disbursed in a disbursements and receipts journal. Vouchers and receipts for disbursements should be maintained to support the data posted in the disbursements journal. Copies of bank deposit slips or checks received could be maintained to verify the data posted in the receipts journal. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

Based on your assurance that Branch 3071 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 3071 for fiscal year ending December 31, 2006, was deficient in that more than 60% of the funds reported in Item 54 (Other Disbursements) should have been reported in Item 48 (Office and Administrative Expenses).

I am not requiring that Branch 3071 file an amended LM report for 2006 to correct the deficient items, but Branch 3071 has agreed to properly report the deficient items on all future reports it files with OLMS.

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.

Branch 3071 officers were not bonded, but must be bonded for at least \$2636.50. Branch 3071 should obtain adequate bonding coverage for its officers immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than December 5, 2008.

I want to extend my personal appreciation to Letter Carriers Branch 3071 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: Ronald Chedeck - Vice President