

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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February 2, 2009

Mr. Tom Blecker, Treasurer
Letter Carriers, NATL, ASN
Branch 4016
1835 Dixie Highway
Flossmoor, Illinois, 60422

LM File Number: 083-496
Case Number: [REDACTED]

Dear Mr. Blecker:

This office has recently completed an audit of Letter Carriers, Branch 4016 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 January 30, 2009, 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-2 filed by Branch 4016 for fiscal year ending December 31, 2007 was deficient in that:

Disbursements to Officers and Employees

Branch 4016 did not include payments to officers and employees totaling at least \$33,459.43 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12

(Disbursements to Employees). 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.

I am not requiring that Branch 4016 file an amended LM report for 2007 to correct the deficient items, but Branch 4016 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

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 4016's officers and employees are currently bonded for \$30,000, but they must be bonded for at least \$47,000. Branch 4016 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 February 13, 2009.

Other Issues

Use of Signature Stamp

During the audit, you advised that it is Branch 4016's practice for the Treasurer to sign all union checks and to stamp the signature of President Frank Kiefer or Vice President Rob Whitehead on union checks. You indicated that usually no one but the Treasurer

reviews the checks before they are issued. It is the past practice of Branch 4016 that checks be signed by the President and Treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. During the audit, OLMS recommended that the Branch 4016 consider discontinuing use of the signature stamps and the union agreed to do so and immediately destroyed the stamps.

I want to extend my personal appreciation to Letter Carriers, Branch 4016 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

Frank Kiefor - President