

U.S. Department of Labor

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March 31, 2009

Mr. Jesus A. Gonzalez, President
National Letter Carriers Association
Branch 35
10112 Chicot Rd., Suite 212
Little Rock, AR 72209

LM File Number 080-589
Case Number: [REDACTED]

Dear Mr. Gonzalez:

This office has recently completed an audit of 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 Secretary/Treasurer John T. Worley on August 22, 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 35's 2006 records revealed the following recordkeeping violation:

Lost Wages

Branch 35 did not retain adequate documentation for lost wage reimbursement payments to President Jesus A. Gonzalez for approximately \$695, Vice-President Ralph E. Griggs for approximately \$4297, and Secretary/Treasurer John T. Worley for approximately \$415. On several occasions, Gonzalez and Griggs combined lost time and expense reimbursements for supplies and mileage onto the lost time voucher and check. In several instances, an officer would claim lost time without an explanation of the rate paid and other detail. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted.

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 35 for fiscal year ending December 31, 2006, was deficient in that:

1. Disbursements to Officers

Branch 35 did not include some reimbursements to officers totaling at least \$11,740 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 45 Payments to Officers, Item 46 Payments to Employees, and Item 48 Office and Administrative Expense. An amended LM-3 report submitted by the union on November 9, 2007, corrected these errors.

The union must report most direct disbursements to Branch 35 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. Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements.

Since Branch 35 previously filed an amended report, I am not requiring Branch 35 to file an amended LM report for 2006. Branch 35 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Branch 35 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: Vice President Ralph E. Griggs