

**U.S. Department of Labor
Office of Labor-Management Standards**

San Francisco – Seattle District Office

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February 25, 2014

Ms. Laurie Duarte, President
NALC Branch 193
[REDACTED]

Case Number: 530-6000446 [REDACTED]
LM Number: 080419

Dear Ms. Duarte:

This office has recently completed an audit of NALC Branch 193 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 Vice-President Bill Cunningham on February 20, 2014, 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 193 for fiscal year ending December 31, 2012, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 [LM-2] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away gift cards, cash, t-shirts, and hats totaling more than \$35,000 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees."

2. Disbursements to Officers and Employees

Branch 193 did not include some reimbursements to officers and employees totaling at least \$19,000 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.

3. Failure to Itemize Disbursement or Receipt

Branch 193 did not properly report several “major” transaction(s) in Schedule(s) 15-19. A “major” transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that, for example, there was no itemization of payments to GoGo Rooter totaling \$8,000 and to Carl Gullet Asphalt totaling nearly \$10,000.

4. 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. Branch 193 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

Branch 193 has now filed a copy of its constitution and bylaws. As agreed, Branch 193 will file a copy of its current 2013 constitution and bylaws with OLMS as soon as possible but not later than March 31, 2014.

Branch 193 must file an amended Form LM-2 for fiscal year ending December 31, 2012, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than March 20, 2014. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

Other Violations

The audit disclosed the following other violation:


1. 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.

The audit revealed that Branch 193's officers and employees were not bonded for the minimum amount required at the time of the audit. Branch 193's officers and employees are currently bonded for \$80,000, but they must be bonded for at least \$80,842. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to NALC Branch 193 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: Mr. Bill Cunningham, Vice-President