



June 27, 2014

Mr. Carlos Rosario, President
NALC Branch 826
PO Box 7508
Ponce, PR 00732

Case Number: 130-6000455
LM Number: 083702

Dear Mr. Rosario:

This office has recently completed an audit of NALC Branch 826 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 Treasurer Jose Santiago on June 24, 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.

Recordkeeping Violations

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 826 2012 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Branch 826 did not retain adequate documentation for reimbursed expenses and credit card expenses. As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements.

2. Information not Recorded in Meeting Minutes

During the audit, Mr. Rosario and Mr. Santiago advised OLMS that the membership meeting were not being kept. Minutes of all membership or executive board meetings must be kept and must report any disbursement authorizations made at those meetings.

Based on your assurance that Branch 826 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violations

The audit disclosed the following other violation(s):

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.

Branch 826 officers and employees are currently bonded for \$10,000, but they must be bonded for at least \$23,000. Branch 826 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 July 15, 2014.

2. Use of Signature Stamp

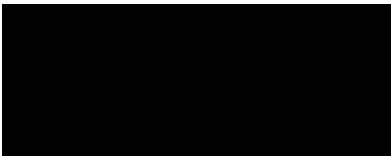
During the audit, Mr. Santiago advised that it is Branch 826's practice for Treasurer Rosario to sign all union checks and vouchers, and to stamp the signature of President Rosario on some occasions. The two signature requirement is an effective internal control of union funds. Its purpose is to attest 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. OLMS recommends that Branch 826 review these procedures to improve internal control of union funds.

1. 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 826 has not never filed a report with OLMS.

I want to extend my personal appreciation to NALC Branch 826 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. Jose Santiago, Treasurer