



October 24, 2014

Mrs. Melody Williams, President
Letter Carriers AFL-CIO Branch 1256
[REDACTED]

Case Number: 410-6000164 [REDACTED]
LM Number: 084112

Dear Mrs. Williams:

This office has recently completed an audit of Letter Carriers AFL-CIO Branch 1256 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 Christian Slater on October 1, 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 1256's 2013 records revealed the following recordkeeping violations:

1. General Expenses

Branch 1256 did not retain adequate documentation for union expenses incurred by the union totaling at least \$350. For example, there was a withdrawal of union funds on September 12, 2013 without any supporting documentation for the withdrawal.

Additionally, the local failed to retain check stubs or a general ledger along with receipts and bills for expenses paid by the union during the audit year.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. General Reimbursed Expenses

Branch 1256 did not retain adequate documentation for reimbursed expenses incurred by union officers totaling at least \$200. For example, union officers were reimbursed for office supplies without adequate documentation such as a receipt.

As stated earlier, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

3. Failure to Record Receipts

Branch 1256 did not record in its receipts records some employer dues check off checks totaling at least \$5,000. For example, the union failed to record receipts that were direct deposited into its account by the national union. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Branch 1256's LM report. 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.

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-4) has not been filed by Branch 1256 for the fiscal year ended December 31, 2013, which involves the following reporting violations:

Failure to File LM Report

The union failed to file its LM report within 90 days after its fiscal has ended as required by the LMRDA.

Branch 1256 must file a Form LM-4 for the fiscal year ended December 31, 2013, as discussed above. I encourage Branch 1256 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The Form LM-4 should be filed electronically no later than **November 14, 2014** or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Violations

The audit disclosed the following other violation(s):

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 1256 officers were not bonded for the minimum amount required at the time of the audit. Branch 1256 has agreed to renew its bond certificate for \$10,000 by **November 14, 2014**. As a result, OLMS will take no further enforcement action regarding this issue provided that a copy of the bond certificate is provided to our office.

Other Issues

Officer Compensation Policy

As I discussed during the exit interview with you and Skyler, the audit revealed that Branch 1256 does not have a clear policy regarding the types of expenses personnel may be paid in lieu of a union officer salary. The meeting minutes revealed approval for payment of union business to Skyler in the form of Walmart gift cards. However, one officer interviewed during the audit and another union member did not recall approval of this practice by the membership. Additionally, you stated during an interview that Walmart gift cards were paid in error after being informed at the national union's event that this practice was not appropriate. OLMS recommends that the union adopt written guidelines concerning such matters and seek membership approval of monthly officer salaries by the

membership to be retain in the meeting minutes.

I want to extend my personal appreciation to Letter Carriers AFL-CIO Branch 1256 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: Ms. Christian Skyler, Treasurer