



May 17, 2017

██████████ President
Letter Carrier Branch 3727
P.O. Box 1951
Hobbs, NM 88241

Case Number: 510-6009998 ██████████
LM Number: 081785

Dear Mr. Alarcon:

This office has recently completed an audit of Letter Carriers Branch 3727 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 May 11, 2017, 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 3727's 2016 records revealed the following recordkeeping violations:

1. Reimbursed Expenses

Branch 3727 did not retain adequate documentation for reimbursed expenses for hotel stays incurred by previous President ██████████ and Trustee ██████████ totaling at least \$789.26. For example, ██████████ and ██████████ traveled to Las Cruces in October 2016 for

training purposes and the hotel invoices were not retained by the branch. These receipts must be maintained to verify, clarify, and explain entries made on the union's Form LM-4 report.

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. We discussed this in the exit interview and you agreed to maintain these records in the future.

2. Information not Recorded in Meeting Minutes

During the audit, it was advised that a couple of times in 2015 a membership meeting was scheduled however quorum was not met and therefore a meeting was not held. No record was made of the cancelled meeting which led to confusion within the branch as to whether all records of meeting minutes were maintained as required. When meetings are cancelled or postponed etc., some kind of record needs to be made in the meeting minutes that document that a meeting was attempted and why it did not occur. We discussed this during the exit interview and you agreed to maintain this type of record in the future.

3. Lack of Salary Authorization

Branch 3727 did not maintain records to verify that the allowances reported in Item 18 (All Payments to Officers) of the LM-4 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries. We discussed this in the exit interview and you agreed to maintain a record of this in the future.

Based on your assurance that Branch 3727 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

The audit disclosed violations 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) filed by Branch 3727 for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. Disbursements to Officers

Branch 3727 did not include some reimbursements to officers totaling at least \$3,000 in the amounts reported in Item 18 (All Payments to Officers). The union must report direct disbursements to Branch 3727 officers in Item 18. 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 such as reimbursements for expenses. 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. 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 do not need to be reported in Item 18 if they are not paid directly to the officer.

2. 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 3727 has not filed a copy of its current constitution and bylaws with OLMS.

Branch 3727 must file an amended Form LM-4 for the fiscal year ended December 31, 2016, to correct the deficient items discussed above. I encourage Branch 3727 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 amended Form LM-4 with an attached copy of the branch's constitution and bylaws should be filed electronically no later than June 1, 2017 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.

I want to extend my personal appreciation to Letter Carriers Branch 3727 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: , Trustee