



August 13, 2019

Mr. Eric Thompson, Secretary-Treasurer  
Letter Carriers Branch 160  
[REDACTED]  
Columbus, IN 47201

Case Number: 350-6013188 [REDACTED]  
LM Number: 083928

Dear Mr. Thompson:

This office has recently completed an audit of Letter Carriers Branch 160 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 April 4, 2019, 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 160's 2017 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Branch 160 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by former President Tim Shoup, former Secretary-Treasurer Terry

Fenley, and President Roland Fordice totaling at least \$1,499.30. For example, records did not include receipts or a voucher supporting a disbursement of \$1,000 to Roland Fordice for the purchase of gift cards for the union's Christmas party. Records also lacked receipts or invoices for credit card purchases at Seymour Greenhouse and Ava's Flowers totaling \$248.41.

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. Meal Expenses

Branch 160 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,962.95. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Branch 160 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, records for meals purchased for the membership during monthly breakfast meetings at Jill's Diner do not include an attendance list. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

## 3. Reimbursed Auto Expenses

Former Vice President Jennifer Shoup, former Secretary-Treasurer Terry Fenley, and President Roland Fordice who received reimbursement for business use of their personal vehicles did not retain adequate documentation to support payments to them totaling at least \$1,018.04 during 2017. The union must maintain records which identify the dates of travel, locations traveled to and from, and number of miles driven. The record must also show the business purpose of each use of a personal vehicle for business travel by an officer or employee who was reimbursed for mileage expenses.

## 4. Lost Wages

Branch 160 did not retain adequate documentation for lost wage reimbursement payments to union officers and employees totaling at least \$3,365.10. 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. The OLMS audit found that lost wage records did not identify the applicable rate of pay.

During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, which contained a sample of an expense voucher Branch 160 may use to satisfy this

requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

5. Failure to Retain Receipts Records

Branch 160 did not retain in its receipts records some dues rosters received from the National Association of Letter Carriers for dues remitted to the branch. For example, union records did not include a dues roster supporting a direct deposit to Branch 160's checking account on January 23, 2017 from NALC headquarters totaling \$824.37. 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.

6. Information not Recorded in Meeting Minutes

Article XII, Sections 3 and 4 of Branch 160's Constitution and By-Laws require that expenditures greater than \$100 that are not specifically named in Section 3 must be approved by two-thirds of the members present at a regular meeting or special meeting called for that purpose. However, the 2017 meeting minutes do not contain any reference to the approval of gifts of \$300 disbursed on at least four occasions to retiring members. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Branch 160 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 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 160 for the fiscal year ended December 31, 2017 was deficient in the following areas:

1. Cash Reconciliation

It appears that the cash figures reported in Item 25 (Cash) are not the figures according to Branch 160'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.

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 160 amended its constitution and bylaws in 2003, but did not file a copy with its LM report for that year. Branch 160 has now filed a copy of its constitution and bylaws.

3. Failure to File Electronically

Branch 160 did not file its LM report using the OLMS Electronic Filing system (EFS). All Labor Organization Annual Reports for the fiscal years beginning on or after January 1, 2017

are required to be filed using EFS. In addition, your organization did not file for a temporary or continuing hardship exemption.

I am not requiring that Branch 160 file an amended LM report for 2017 to correct the deficient items, but Branch 160 has agreed to properly report the deficient items on all future reports it files with OLMS. Branch 160 has also agreed to file all future reports electronically.

#### Other Violations

The audit disclosed the following other violation:

##### 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 the amount of Branch 160's bond is sufficient. However, the bond includes a deductible, which is a form of self-insurance that fails to meet the bonding requirements of the LMRDA. Branch 160 should obtain a bond without a deductible. Please provide proof of bonding coverage without a deductible to this office as soon as possible, but not later than August 30, 2019.

I want to extend my personal appreciation to NALC Branch 160 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. Roland Fordice, President  
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