



March 21, 2005

Mr. Dannie Davis, President
National Letter Carriers AFL-CIO
Local Branch 106
2800 Zelda Road, Suite 100-10
Montgomery, AL 36106

Re: 2

Dear Mr. Davis:

This office has recently completed an audit of the National Letter Carriers, AFL-CIO, Local Branch 106, 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, Otto Moseley, Robert Webb, and James Williams on March 14, 2005, 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.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local branch 106 for fiscal year ending December 31, 2003 was deficient in the following area:

All direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party (including credit card companies) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, 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 should be reported in item 48 (Office and Administrative Expenses).

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. The CAP disclosed that the total funds handled during the 2003 year were \$135,272. Ten percent of this amount is \$13,520 or \$14,000. Local branch 106 officers and employees are currently bonded for \$10,000. The union should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained.

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As was discussed and agreed to during the exit interview, it will be necessary for Local branch 106 to file an amended LM-3 Report for 2003 to correct the deficient items discussed above. The amended report should be submitted to this office at the above address as soon as possible, but no later than April 14, 2005. Before mailing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to yours and Mr. Webb's successors at whatever time you may leave office.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely

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Investigator /