

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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November 30, 2005

Don McQuigg, President
National Association of Letter Carriers
Branch 4319
2501 Commercial Drive
Anchorage, Alaska 99501

Re: 2

Dear Mr. McQuigg:

This office has recently completed an audit of the National Association of Letter Carriers (NALC), Branch 4319 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, as Amended (LMRDA). As discussed by Investigator J.C. during the exit interview with you on November 18, 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.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

The following record keeping deficiencies were revealed during the audit of Branch 4319's FYE 12/31/2004 records:

1. Branch 4319 failed to maintain "lost-time" vouchers for eight (8) separate Branch 4319 officers.

Specific instances discussed –

- The payments to those eight officers totaled \$18,630 for FYE 12/31/2004. You and Mr. Armstrong were informed that "lost-time" vouchers were necessary to substantiate, identify, and record for prosperity, the date, number of hours lost, rate of pay, and business purpose (reason) for all lost wages, claimed by officers when performing legitimate Branch 4319 business.

2. No records were maintained for the disposition of property.

Specific Instances discussed –

- Branch 4319 purchases calendars and aprons and disperses them as "give-aways" or sells them "below cost". However, no inventory list is being maintained and consequently the number

distributed and the party to who they are distributed is not recorded. It was discussed that a detailed inventory list must be kept along with all receipts as well as a record of sale or a notation indicating that the goods were given away, including name, date, and price if applicable.

3. Branch 4319 failed to maintain receipts for all "cash" transactions that took place between members and the Branch.

Specific Instances discussed –

- Members who purchase calendars, or aprons by cash/check at the Branch 4319 office or at membership meetings are not given a receipt indicating that Branch 4319 had received the cash and that the member had purchased a calendar or an apron. It was discussed that a receipt must be given to every member each time that a "cash" or "check" payment is made to Branch 4319 for any expenses or purchases. Branch 4319 was instructed to obtain a receipt book that is pre-numbered, used in sequential order, and retained in duplicate, in the interest of making the aforementioned practice of receipt distribution possible.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Branch 4319's LM report. You should be aware that Section 206 of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful failure to maintain records. Section 209(c) of the LMRDA provides for a fine of not more than \$10,000 or imprisonment for not more than one year, or both, for willful destruction or falsification of records, and applies to any person (not just the individuals who are responsible for filing the union's LM report).

The CAP further disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Branch 4319 for fiscal year ending December 31, 2004 failed to meet the standards of acceptability.

The following deficient items were identified:

1. Branch 4319 incorrectly completed #25A (cash at start of reporting period).

Specific instances discussed –

- Branch 4319 listed #25A as \$551,313. However, Branch 4319 bank statements for FYE 12/31/2004 showed starting "cash" for 01/01/2004 as \$559,301.

2. Branch 4319 incorrectly completed #44 (total receipts).

Specific instances discussed –

- Branch 4319 listed #44 as \$173,103. However, Branch 4319 bank statements for FYE 12/31/2004 show receipts totaling (as of 12/31/2004) \$167,776.

3. Branch 4319 incorrectly completed #55 (total disbursements).

Specific instances discussed –

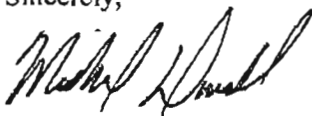
- Branch 4319 listed #55 as \$197,304. However, Branch 4319 bank statements for FYE 12/31/2004 show disbursements totaling (as of 12/31/2004) \$199,800.
4. Item #13 on their 2004 LM-3 report should not only have been marked “yes” (it was correctly marked) as Branch 4319 disposed of goods (calendars) as “give-away’s,” but a detailed record of the disbursement practice should also have been maintained. In addition an explanation should have been offered in item 56, describing the “give-away” practice and the amount distributed.

It will be necessary for Branch 4319 to file an amended LM-3 report for 12/31/2004 to correct the deficient items discussed above. The necessary reporting forms and instructions are enclosed for your use. You may also download the forms electronically from our website at www.dol.gov/esa/olms to complete the amended reports. One copy of the amended report should be submitted to this office at the above address as soon as possible, but no later than 12/16/2005. Before mailing, review the reports thoroughly to be sure they are 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 your successor 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,



Michael Duvall
District Director