

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Chicago District Office
230 South Dearborn Street
Room 774, Federal Office Building
Chicago, IL 60604
(312)596-7160 Fax: (312)596-7174



December 18,2008

Mr. Charles Kindahl, Secretary Treasurer
Letter Carriers
Branch 608
5251 W. Fletcher St.
Chicago, IL 60641

LM File Number 084-011

Case Number: [REDACTED]

Dear Mr. Kindahl:

This office has recently completed an audit of Letter Carriers Branch 608 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 December 1,2008, 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 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain 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 608's 2007 records revealed the following recordkeeping violations:

Branch 608 did not retain adequate documentation for expenses incurred by union officers and members totaling at least \$955. For example, receipts for hotel and airline disbursements in the amount of \$605.37 for Trustee Bonsha Davis to attend a legislative conference in Washington, DC in July 2007 were not retained by the union. In addition, a receipt for the purchase of 450 calendars made by Jan Lorenzen in October 2007 in the amount of \$350 was not retained by the union.

As previously 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.

Based on your assurance that Branch 608 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 608 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements Reported as Office and Administrative Expense

Branch 608 improperly reported disbursements in Item 48 (Office and Administrative Expenses) that should have been correctly reported in Item 54 (Other Disbursements). Examples of these disbursements include withholding taxes and miscellaneous gifts given to members. According to the instructions for Form LM-3, Item 48 should include ordinary office and administrative expenses such as rent, utilities, office supplies, and postage, and Item 54 should include all other expenses not reported in Items 45 through 53 such as withholding taxes, supplies for resale, and educational and publicity expenses. We are not requiring that Branch 608 file an amended LM report for 2007 to correct the deficient items, but Branch 608 has agreed to properly report the deficient items on all future reports it files with OLMS.

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 bylaws with its LM report when it makes changes to its bylaws. Branch 608 amended its bylaws in 1986, but did not file a copy with its LM report for that year. Branch 608 has now filed a copy of its bylaws with our office, and OLMS will take no further enforcement action regarding this issue.

Other Violation

The audit disclosed the following other violation:

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 608's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

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I want to extend my personal appreciation to Letter Carriers Branch 608 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: Steven Coppola, President