

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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January 28, 2008

Ms. Kathy Ball, Treasurer
National Association of Letter Carriers, AFL-CIO
Branch #688
116 S. Tremont Street
Kewanee, IL 61443-9998

LM File Number: 083-048
Case Number: [REDACTED]

Dear Ms. Ball:

This office has recently completed an audit of Letter Carriers Branch #688 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, Dan Nelson on January 24, 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.

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-4 filed by Branch #688 for fiscal year ending December 31, 2006, was deficient in the following areas:

1. General Disbursements

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Branch #688 did not include all disbursements made by the organization during the reporting period in Item 17. Total disbursements for the year equaled \$5,821.90, yet the LM-4 report reported only \$1,279.00.

2. Disbursements to Officers

Branch #688 over-reported reimbursements to officers in the amount reported in Item 18. The union reported that officers had received \$4,560.00 in payments during the reporting period. Officers actually received \$3,188.00 in payments during the reporting period.

3. 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 #688 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year. As agreed, Branch #688 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than February 11, 2008.

Branch #688 must file an amended Form LM-4 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-4 should be submitted to this office at the above address as soon as possible, but not later than February 11, 2008. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Other Violations

The audit disclosed the following other violation(s):

1. 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.

Branch #688's officers and employees are not currently bonded, but they must be bonded for at least \$620.00. Branch #688 should obtain adequate bonding coverage for

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its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than February 11, 2008.

2. Expense Policy

As I discussed during the exit interview with you, the audit revealed that Branch #688 does not have a clear policy regarding lost time and per diem expenses personnel may claim for reimbursement. For example, officers received \$100.00 in lost time payments for one union-related trip but other officers did not receive any lost time payments for later trips. Officers also currently receive direct reimbursement for travel expenses, but Branch #688 has indicated they are considering a lump sum per diem payment that will include reimbursement for lost time and travel expenses. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to Letter Carriers Branch #688 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,

[REDACTED]
Investigator

cc: President Dan Nelson