

U.S. Department of Labor

**Employment Standards Administration
Office of Labor-Management Standards
Cincinnati District Office
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June 25,2008

Mr. Richard Wilkins, Treasurer
Letter Carriers Branch 374
1930 Heidelberg Drive
Loveland, OH 45140

LM File Number: 089-829

Case Number: [REDACTED]

Dear Mr. Wilkins:

This office has recently completed an audit of Letter Carriers Branch 374 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 Investigator [REDACTED] discussed during the exit interview with you on June 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 Vi

The audit revealed 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 374 amended its constitution and bylaws in 2002, but did not file a copy with its LM report for that year. Branch 374 has now filed a copy of its constitution and bylaws.

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. Branch 374 is not in compliance with LMRDA Section 502 because it holds a commercial crime policy that only provides employee dishonesty coverage for one of the four checking account signatories. The policy also contains a deductible. A bond may not have a deductible since that is a form of self-insurance. Self-insurance by the union, in whole or in part, fails to meet the bonding requirements of the LMRDA.

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For these reasons: Branch 374 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than July 31, 2008.

Other Issue

During the audit, you advised Investigator Sims that an officer occasionally signed blank checks during the audit year. Your union's bylaws require that all checks be signed by two of the following officers: treasurer, president, vice-president, or secretary. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. Branch 374 assured OLMS that this practice was only temporary due to a change in officers after an election and that signing blank union checks is no longer done.

I want to extend my personal appreciation to Letter Carriers Branch 374 for the cooperation and courtesy extended to Investigator 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,

Lesta A. Chandler
District Director

cc: Mr. Michael Smith, President