



May 24, 2016

Mr. Jackie Maddox, President
National Association of Letter Carriers
Branch 35
PO Box 190872
Little Rock, AR 72219

Case Number: 420-6007174
LM Number: 080859

Dear Mr. Maddox:

This office has recently completed an audit of National Association of Letter Carriers Branch 35 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, Treasurer John Worley, and Vice President Jody Baker on April 15, 2016, 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 Violation

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 (LM-3) filed by Branch 35 for the fiscal year ended December 31, 2015, was deficient in that:

Savings Account and Certificate of Deposit Accounts Not Reported

The union failed to report funds in the savings and certificate of deposit accounts on the 2015 LM-3 Report. All union funds, receipts, and disbursements must be properly reported on the LM report. The union was required to complete an amended report to correct the deficiency.

The union has submitted an amended report.

Other Violation

The audit disclosed the following other violation:

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.

The union has agreed to increase its bonding.

Other Issue

Signing Blank Checks

During the audit, you advised that you sign blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. 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. OLMS recommends that Branch 35 review these procedures to improve internal control of union funds.

The union has agreed to discontinue to practice of signing blank checks.

I want to extend my personal appreciation to National Association of Letter Carriers Branch 35 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: Mr. John Worley, Treasurer
Mr. Jody Baker, Vice President
Mr. Joh Dunn, Health Benefits Rep
Ms. Diana DeClue, Trustee
Mr. Patrick Booker, Trustee
Mr. Michael Anderson, Trustee