

U.S. Department of Labor

Office of Labor-Management Standards
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December 7, 2010

Ms. Debbie Hoelscher, Treasurer
Letter Carriers, AFL-CIO
Branch 1367
P.O. Box 415
Denton, Texas 76202

LM File Number 084-156
Case Number: [REDACTED]

Dear Ms. Hoelscher:

This office has recently completed an audit of Letter Carriers Branch 1367 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 and Marvin Ruyle on November 18, 2010, 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 Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records 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, labor organizations must maintain 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 1367's 2009 records revealed the following recordkeeping violation:

Meal Expenses

Branch 1367 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1960.87. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Branch 1367 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, President Marvin Rulye did not provide complete vouchers or restaurant itemized receipts for meals totaling \$1,763.51. Steward Orion Adcock did not provide complete vouchers or restaurant itemized receipts for meals totaling \$197.36. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Branch 1367 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

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 Form LM-3 filed by

Branch 1367 for the fiscal year ended December 31, 2009, was deficient in the following area:

Other Disbursements

Branch 1367 erroneously reported \$8,883 in Item 54 Other Disbursements which should have been reported in Item 48 Office & Administrative Expense.

The union must report disbursements for its ordinary office and administrative expenses (for example, office supplies, postage, membership meeting meals, and Christmas parties) in Item 48 Office & Administrative Expense.

I am not requiring that Branch 1367 file an amended LM report for 2009 to correct the deficient items, but Branch 1367 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Letter Carriers Branch 1367 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,



Senior Investigator

cc: Marvin Ruyle