

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New Haven Resident Investigative Office
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April 29, 2009

Mr. Michael Eureka, Treasurer
Letter Carriers Branch 746
PO Box 746
Naugatuck, CT 06770-0746

LM File Number 084-077

Case Number: [REDACTED]

Dear Mr. Eureka:

This office has recently completed an audit of Letter Carriers Branch 746 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 President Frank Kish on April 1, 2009, 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.

The CAP disclosed reporting and other 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 746 for the fiscal year ending December 31, 2007 was deficient in the following areas:

1. Opening Balance of Cash

Statement A, Assets and Liabilities section of the Annual Financial Disclosure Report, Form LM-3, requires the accurate disclosure of the local's cash balance as of the first day of the reporting year (Item 25 (A)). For fiscal year 2007 Branch 746 reported an opening cash balance that was approximately \$1,200 greater than the actual cash balance.

2. Disbursements

Statement B, Disbursements section of the Form LM-3, requires the union to classify and report all funds disbursed in the reporting year. The audit determined that the total disbursements reported were approximately \$5,000 more than Branch 746 actually spent. The reported disbursements included \$5,872 in per capita tax payments that were not made.

3. Disbursements to Officers

Branch 746 did not include some reimbursements to officers totaling at least \$600, in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 50, Benefits.

The union must report most direct disbursements to Branch 746 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

Branch 746 must file an amended Form LM-3 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. I am providing you with a blank form and instructions. Reporting forms and instructions are also available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this

office at the above address as soon as possible, but not later than May 30, 2009. 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.

A review of the current bond coverage found the amount of coverage (\$10,000) to be in compliance with LMRDA Section 502. However, an examination of the endorsement disclosed that only the branch treasurer, Michael Eureka, is covered by the fidelity bond. The audit disclosed that, in addition to the branch treasurer, the branch president also has authority to disburse union funds, and did so during the audit period. Branch 746 must obtain adequate bonding coverage for all officers who have authority to handle and/or disburse union funds. Please provide proof of bonding coverage for these officers to this office as soon as possible, but no later than May 30, 2009.

I want to extend my personal appreciation to Branch 746 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: Frank Kish, President