

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Nashville District Office  
233 Cumberland Bend Drive  
Room 110  
Nashville, TN 37228  
(615)736-5906 Fax: (615)736-7148



July 14, 2006

Mr. Guy Tipton, Deputy Trustee  
Laborers AFL-CIO  
Local 784  
5184 Caldwell Mill Road, Suite 204  
Hoover, Alabama 35244

Re: Case Number: ~~XXXXXXXXXX~~

Dear Mr. Tipton:

This office has recently completed an audit of Laborers Local 784 under the Compliance Audit Program (CAP) to determine the local's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). It will be necessary for you to file an amended LM-2 report for FYE 05/31/2005 to correct the deficient items discussed above. I have enclosed the necessary reporting forms and instructions for your use or you may use the new electronic forms software available from OLMS to complete the amended report. A copy of the amended report should be submitted to this office at the above address as soon as possible, but no later than 07/28/06. As discussed during the exit interview with Guy Tipton, Deputy Trustee on May 26, 2006, 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:

Record Keeping Violations

Union officers and employees failed to retain adequate documentation for reimbursed expenses, and for expenses charged to union credit cards which were direct-paid by the union. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded.

With respect to documentation retained in support of specific disbursements (including those in payment of credit card charges), the record retention requirement includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and all the recipients of the goods or services. In most instances, this documentation requirement can be most easily satisfied with a sufficiently descriptive receipt. If a receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

Adequate documentation of the local's payroll records was not retained for the periods of June 1, 2004 through July 13, 2004.

Because the local is no longer in existence due to a merger with Local 559, we agreed that no additional enforcement action will be taken regarding the violations provided that you advise the officers of Local 559 of the findings.

#### Reporting Violation

The names of some officers who held office during the year were not reported in schedule 11 with the total amount of payments to or for them. The names of all persons who held office during the year must be reported in schedule 11 regardless of whether or not they received any payments from the union.

As stated earlier, you are required to submit an amended LM-2 report. Before mailing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

#### Other Issues

During the audit, you advised that it was Local 784's practice for you to sign all union checks and to stamp the signature of President Ronald McCullough on union checks. You indicated that no one but you reviewed the checks before they were issued. The union's bylaws state that checks are to be signed by the president and treasurer. The second 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, the use by the primary signer of a signature stamp for the second signature

Mr. Guy Tipton  
July 14, 2006  
Page 3 of 3

does not attest to the authenticity of the completed check, and completely circumvents and undermines the purpose of the countersignature requirement.

I want to extend my personal appreciation to you 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 the officers of Local 559. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator