

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Cincinnati District Office  
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Cincinnati, Ohio 45202  
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January 6, 2005

Edwin Crockett, Financial Secretary  
PACE Local 550  
P.O. Box 494  
2525 Cairo Rd.  
Paducah, KY 42002-0494

Re: 2

Dear Mr. Crockett:

This office has recently completed an audit of PACE Local 550 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 Bookkeeper Cynthia Frazier on November 19, 2004, the following problems were discovered 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 that Local 550 was not maintaining support documentation in connection with union expenditures to Sams, the Executive Inn of Paducah, and Kentucky Publishing Inc. in violation of 29 U.S.C. 436. The local must maintain documentation such as vendor receipts and invoices for all union disbursements for a period of five years as required by the LMRDA. This issue was addressed with you and Bookkeeper Frazier during our exit interview and you stated that that the local would maintain the support documentation for all union disbursements in the future. No further action on this matter is anticipated at this time.

The CAP also disclosed deficiencies in the amended Labor Organization Annual Report Form LM-2 in violation of 29 U.S.C. 431. Bookkeeper Frazier was advised that OLMS computation for welfare expenditures differed from the local's by \$5,027.00. She was advised to correct the report for the difference. In addition, Bookkeeper Frazier was advised not to use sticky notes to record information pertaining to schedules on the LM-2 report. Ms. Frazier advised OLMS that she would no longer use Sticky Notes but would **provided standard sheets of paper for schedule attachments**. Local 550 agreed to correct these deficiencies by providing an amended LM-2 Report to OLMS three weeks from the exit interview date of November 19, 2004. No further action on this matter is anticipated at this time.

The CAP disclosed that Local 550 was underbonded by approximately \$3,000.00 for the period of January 1, 2003 through December 31, 2003, in violation of 29 U.S.C. 502. Bookkeeper Frazier obtained sufficient bonding coverage prior to the completion of OLMS' exit interview. Since this matter has been corrected no additional action is necessary.

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I want to extend my personal appreciation for your local's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

FCC

Investigator