

**U.S. Department of Labor**

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March 23, 2009

Mr. George Bove, Business Manager/Financial Secretary  
Electrical Workers IBEW AFL-CIO  
Local 760  
1530 Hutchinson Street  
Knoxville, TN 37917

LM File Number 003-704  
Case Number: [REDACTED]

Dear Mr. Bove:

This office has recently completed an audit of IBEW Local 760 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 Local 760 Secretary Linda Walker on March 17, 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 the following findings:

Recordkeeping Violations

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 Local 760's 2008 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 760 did not retain adequate documentation for credit card expenses incurred by Business Manager George Bove, Assistant Business Managers Terry Cole, Timothy C. Tate, and Kenneth T. Lykins totaling at least \$16, 975.25. For example, for the audit period gas receipts are not available for every monthly charge that occurred on the union's Fleet Services gas card.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Information not Recorded in Meeting Minutes

During the audit, Mr. Bove advised OLMS that the membership and executive board authorized all bills and expenditures other than standing bills as listed in Article XI of the IBEW Local 760 Expenses and Procedures Policy. However, the minutes of the meeting do not contain any reference to those issues, such as the purchase on September 24, 2007 of a 2007 Ford Edge vehicle. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 760 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above 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-2 filed by Local 760 for fiscal year ending June 30, 2008, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 15 [LM-2] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union traded in a vehicle (2003 Buick LeSabre) during the year. The union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers and Employees

Local 760 did not include some payments to officers and employees totaling at least \$71,947.22 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

3. Automobile Expenses

Local 760 did not include in the amounts reported in Schedule 12 (Disbursements to Employees) disbursements for the operation and maintenance of union automobiles totaling at least \$21,853.74.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedule 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, since Local 760 employees have no personal use and the vehicle usage was 100 percent for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 12.

#### 4. Failure to Itemize Disbursement or Receipt

Local 760 did not properly report several "major" transaction(s) in Schedule(s) 14-19. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B. The audit found that a payments of more than \$5000 were made to several entities including, Lance Cunningham Ford, Pugh and Company P.C, FIAA Card Services, IBEW Political Fund, Internal Revenue Service, and Allied Insurance.

#### 5. Investments Reported As Cash

Local 760 improperly included the value of investments (stock and bond mutual funds and corporate bonds) as cash in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS does not consider these investments to be cash. The purchase or redemption of an investment is a reportable transaction and should be reported in Schedules 3 or 4 and the value should be reported in Schedule 5.

6. Withholding Taxes and Payroll Deductions

Local 760 reported on Item 67a., Total Withheld – an amount of \$88,247; however, you failed to report the amounts under the “Deductions” that should also be reported on Line 8 in Sch 11 and on Line 9 in Sch 12.

7. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 760 amended its constitution and bylaws in 2006, but did not file a copy with its LM report for that year.

Local 760 has now filed a copy of its constitution and bylaws.

Local 760 must file an amended Form LM-2 for fiscal year ending June 30, 2008, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-2 must be electronically filed as soon as possible, but not later than April 25, 2009. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

Other Violations

The audit disclosed the following other violation(s):

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.

Local 760's officers and employees are currently bonded for \$200,000, but they must be bonded for at least \$300,000. Local 760 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than March 31, 2009.

Mr. George Bove  
March 23, 2009  
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I want to extend my personal appreciation to IBEW Local 760 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: Lonnie R. Hunley, President