

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Dallas District Office
525 Griffin Street
Room 300
Dallas, TX 75202
(972)850-2500 Fax: (972)850-2501



May 5, 2008

Mr. Charles Lee, President
United Food & Commercial Workers
Local 2008
7924 Interstate 30. Suite A
Little Rock, Arkansas 72209

LM File Number 529-174
Case Number: [REDACTED]

Dear Mr. Lee:

This office has recently completed an audit of United Food & Commercial Workers Local 2008 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, Karen Hill, Terry Isgrig, and Amy Sparrow on February 28, 2008, 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 violation:

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 handled by those individuals or their predecessors during the preceding fiscal year. Local 2008's officers and employees are currently bonded for \$240,000, but they must be bonded for at least \$242,000.

Local 2008 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than May 30, 2008.

The audit disclosed the following other issue:

Other Issue

Countersignature (Signing Blank Checks)

During the audit, you advised that you sign blank checks in advance. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. I recommend that Local 2008 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to United Food & Commercial Workers Local 2008 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: Karen Hill, Secretary Treasurer