

U.S. Department of Labor

Office of Labor-Management Standards
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January 25, 2010

Mr. Rick Major, Secretary-Treasurer
Food & Commercial Workers
Local 1995
4207 Lebanon Road, Suite 100
Hermitage, TN 37076

LM File Number 540-076
Case Number: [REDACTED]

Dear Mr. Major:

This office has recently completed an audit of UFCW Local 1995 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 President Greg Stallings, Office Manager Barbara West, Attorney David Garrison, Attorney George Barrett, and you on January 11, 2010, 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 Violation

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 1995 for fiscal year ending December 31, 2008, was deficient in that:

Sale of Investments and Fixed Assets

Local 1995 did not report four union automobiles that were traded during the audit year on Schedule 3 (Sale of Investments and Fixed Assets) of the LM-2 report.

The union must report the original cost and book value of the four union automobiles that were traded during the audit year on Schedule 3 (Sale of Investments and Fixed Assets) of the LM-2 report. Additionally, column D should reflect the trade value amount of each union automobile that was traded and column E should be zero since the union did not receive funds into its account for the traded vehicles.

Local 1995 must file an amended Form LM-2 for fiscal year ending December 31, 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.dol.gov/olms). The amended Form LM-2 must be electronically filed as soon as possible, but not later than February 12, 2010. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

Other Violation

The audit disclosed the following other 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 those individuals or their predecessors handled during the preceding fiscal year.

Local 1995's officers and employees are currently bonded for \$375,000, but they must be bonded for at least \$436,729.91. Local 1995 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 February 12, 2010.

Other Issue

Use of Signature Stamp

During the audit, you advised that it is Local 1995's practice for signatures to be stamped on union checks. President Greg Stallings indicated that no one but you or the president reviews the checks before they are issued. The two 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 of a signature stamp does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 1995 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to UFCW Local 1995 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: Attorney George Barrett