

**U.S. Department of Labor**

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June 20, 2007

Mr. Pat Kitchens, President  
PACE  
Local Union 794  
2299 Lem Edwards Road  
Colbert, GA 30628

LM File Number 015-407  
Case Number:

Dear Mr. Kitchens:

This office has recently completed an audit of PACE Local Union 794 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, Treasurer, Lane Kesler, and Recording Secretary, Carrie Wade on March 2, 2007, 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 both reporting and record keeping violations.

Reporting Violations

The CAP 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-3) filed by PACE Local 794 for fiscal year ending December 31, 2005, was deficient in the following areas:

1. Item 24, Column A ((All Officers and Disbursements to Officers -Allowances and Other Disbursements)

The names of the Trustee officers and the total amounts of payments were not reported in item 24. Each person who held office in the labor organization during the reporting period must be reported, whether or not any salary or other disbursements were made to them or not.

2. Item 24, Column E ((All Officers and Disbursements to Officers -Allowances and Other Disbursements)

Local 749 failed to include some reimbursements to officers. Such payments appear to have been erroneously reported under the salary category (column D), or reported in the amount reported in item 48 (Office and Administrative Expense) or item 54 (Other Disbursements).

All direct disbursements to officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense). Even if the officer does not receive an official salary from the local, allowances paid to the officer along with the disbursements mentioned above must be accurately reported.

I am not requiring that Local 749 file an amended LM report for 2005 to correct the deficient items, but as agreed, Local 749 will properly report the deficient items on all future reports filed with this agency which includes the report for 2006. I provided you with an LM-3 Reporting Instructions Manual to assist you in filing the 2006 report. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

#### Record Keeping Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of

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disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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 note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equality descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

The audit revealed a failure to maintain various invoices, bills, bank deposit slips, and receipts from union related business expenditures. This is a violation of Section 206 of the LMRDA (Retention of Records).

During the exit interview, you stated you would keep all of these records in the future. As agreed, provided that Local 794 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

I want to extend my personal appreciation to PACE Local Union 794 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: Lane Kesler