



August 24, 2010

Mr. Harry Trefes, Treasurer
Independent Pilots Association
3607 Fern Valley Road
Louisville, KY 40219

Case Number: [REDACTED]
LM Number: 528546

Dear Mr. Trefes:

This office has recently completed an audit of Independent Pilots Association 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, Accountant Jeanie Edelen, and General Counsel William Trent on July 15, 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.

Reporting Violation

1. Failure to File Constitution

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. IPA amended its constitution and bylaws in 2009, but did not file a copy with its LM report for that year. IPA has now filed a copy of its constitution and bylaws.

Other Violation

1. 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. IPA was inadequately bonded in that its policy had a \$500 deductible, and Coverage Form Section G(4)(b)(1) indicated that the insurer will not pay for loss or damages "[r]esulting from any dishonest or criminal act that you or any of your partners commit whether alone or in collusion with other persons."

However, IPA obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Independent Pilots Association 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,

A solid black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Ms. Kathryn Barber, Accounting Manager
Mr. William Trent, General Counsel