



February 10, 2011
Mr. Charles Combs, President
Falcon Coal Company Employees' Association
43 Turner Drive
Jackson, KY 41339-9680

Case Number: [REDACTED]
LM Number: 512735

Dear Mr. Combs:

This office has recently completed an audit of Falcon Coal Company Employees' 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 Treasurer Frank Turner and you on January 31, 2011, 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.

Recordkeeping Violation

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 Falcon Coal Company Employees' Association 2008, 2009, and 2010 records revealed the following recordkeeping violation:

1. Bank Statements

Falcon Coal Company Employees' Association did not retain bank statements for the period April 1, 2007 to March 31, 2009. The union must retain all bank statements.

Based on your assurance that Falcon Coal Company Employees' Association will retain all its records for a five-year period, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b) which requires labor organizations to file financial reports annually with the Department of Labor.

1. Delinquent Filing

Falcon Coal Company Employees' Association's Labor Organization Annual Report, Form LM-3, for the period ending March 31, 2010 was due June 29, 2010 or 90 days after the end of your organization's fiscal year. The report was received by the Department of Labor on October 5, 2010. Falcon Coal Company Employees' Association's reports for 2001, 2006, 2008, and 2009 were also filed after their due dates.

Falcon Coal Company Employees' Association filed a terminal report for the period of April 1, 2010 to January 31, 2011 within 30 days of the union terminating. No further action is warranted.

Other Violation

The audit disclosed the following 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.

The audit revealed that Falcon Coal Company Employees' Association's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Falcon Coal Company Employees' Association terminated during the compliance audit. Due to the union's termination, bonding coverage is no longer required. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Falcon Coal Company Employees' 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,


Investigator

cc: Mr. Frank Turner, Treasurer