

**U.S. Department of Labor**

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May 27, 2009

Karl Gilbert, President  
Stage and Picture Operators  
Local 181  
8 Rumford Drive  
Baltimore, MD 21228

LM File Number: 049-746

Case Number: [REDACTED]

Dear Mr. Gilbert:

This office has recently completed an audit of Stage and Picture Operators (IATSE) Local 181 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 Barron and you on May 20, 2009, 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 Violations

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 Local 181's 2008 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 181 did not retain adequate documentation for some reimbursed expenses incurred by union officers. For example, on May 3, 2008, a union officer was reimbursed \$56.00 via check [REDACTED] with the description on the check listed as "Website Domain (ink cart)". The union did not maintain the receipt for this purchase. The union also improperly described the reason for a payment to an officer on a few occasions.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 181 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Lost Wages

Local 181 did not retain adequate documentation for lost wage reimbursement payments to a union officer during the audit period. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit revealed that on June 11, 2008, Treasurer

Frank Barron received check # [REDACTED] in the amount of \$244.23. The description on the check listed "Salary 2<sup>nd</sup> Quarter 2008". During our meeting, the officers advised me that this check was inclusive of lost time paid to Barron for time lost from the United Parcel Service in order to assist the union in moving out of its rented office space. There was nothing in the union's records that indicated that part of this payment was for lost wages. In addition, there was nothing in the records that identified the date lost wages were incurred, the number of hours lost, the applicable rate of pay, and a description of the union business conducted.

During the exit interview, I provided a sample of an expense voucher Local 181 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 181 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above 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-4) filed by Local 181 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Total Disbursements to Officers

Local 181 failed to accurately report the payments to union officers in Item 18 "Total Disbursements to all Officers and Employees" on the union's 2008 LM-4 report. The union must report in Item 18 the total payments to or on behalf of all officers including gross salary, lost time payments, allowances and expenses.

2. Failure to File Bylaws

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. Local 181 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year. Local 181 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 181 file an amended LM report for 2008 to correct the deficient items, but Local 181 has agreed to properly report the deficient items on all future reports it files with OLMS.

#### 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. Local 181's officers are currently bonded for \$5,000, but they must be bonded for at least \$5,674. Local 181 should obtain adequate bonding coverage for its officers immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than June 19, 2009.

#### Other Issues

The audit disclosed the following other issues:

1. Two Signatories on Checks

During the audit it was discovered that Local 181 only requires one signatory on union checks. The two signatures requirement is an effective internal control of union funds. OLMS recommends that Local 181 review this procedure to improve internal control of union funds.

2. Lost Time Policy

As I discussed during the exit interview, the audit revealed that Local 181 does not have a clear lost time policy. OLMS recommends that unions adopt written guidelines concerning such matters.

I want to extend my personal appreciation to IATSE Local 181 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.

Mr. Karl Gilbert  
May 27, 2009  
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Sincerely,



Investigator

cc: Frank Barron, Treasurer