

U.S. Department of Labor
New York District Office

Office of Labor-Management Standards
201 Varick Street
New York, N.Y. 10014
Telephone: (646) 264-3190
Fax: (646) 264-3191



November 16, 2005

Mr. Michael McCarthy, President
Stage & Picture Operators
Local F-72
2192 McArthur Street
East Meadow, NY 11554

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Dear Mr. McCarthy:

This office has recently completed an audit of Local F-72 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, as Amended (LMRDA). As discussed during the exit interview on November 9, 2005, 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 that Local F-72 has failed to maintain adequate records to verify, explain, and clarify, or to use in checking the accuracy or completeness of reports required to be filed with the Secretary of Labor, in violation of Title II, Section 206 of the LMRDA.

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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, all records used or received in the course of union business must be retained. This includes, in the case of 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 recipients of the goods or services.

In particular, Local F-72 officers failed to retain adequate documentation for reimbursed expenses. The date, amount, and business purpose of every expense must be recorded on at least one union record. In addition, the names of individuals present for meal expenses paid for by the union and the locations (names of restaurants) where meal expenses were incurred must also be recorded.

During the interview, you were advised that in order to improve Local F-72's internal financial controls, the union should issue receipts to members whose dues are collected in the field. In addition, you were also advised that the union should maintain a record of members to whom it disburses "take-home-pay."

In addition, you were advised that all direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in item 24. A "direct disbursement" to an officer is a payment made by your organization 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 made by your organization to another party 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 Expenses).

I am not requiring that Local F-72 file an amended LM- report for 2004 to correct the deficient items, but as agreed, your union will properly report the deficient items on all future reports filed with this agency.

As you were advised, a CAP case is considered by this office to be a confidential proceeding in which records and documents provided are handled in a strictly confidential manner to the extent permitted by law. In conducting our review of your organization, we recognize the sensitive nature of all materials and records compiled during the audit, as well as related discussions with union officials. Accordingly, unless otherwise mandated by law, all findings and results of the CAP are conveyed only to the proper officials of your organization, to appropriate individuals within this Department, and, if necessary, to other law enforcement agencies.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

FCC

Enclosure: Document Receipt
cc: Marty Rothe, Treasurer