



July 9, 2015

Mr. Richard Meidel, Secretary Treasurer
Stage & Picture Operators AFL-CIO LU 138
P.O. Box 6367
Springfield, IL 62708-6367

Case Number: 310-6004243()
LM Number: 021010

Dear Mr. Meidel:

This office has recently completed an audit of Stage & Picture Operators AFL-CIO LU 138 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 on July 1, 2015, 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 138's 2014 records revealed the following recordkeeping violation:

During the audit year, the union reimbursed Business Manager Noel Dalbey for telephone charges totaling at least \$33. However, no supporting documentation was found in the union records provided during the audit. If the union pays for any business calls made from an individual's personal telephone, or pays the entire bill, either as a direct payment to the telephone company or as reimbursement to the individual, the union must retain original telephone bills. In addition, the documentation retained must clearly note the charges paid by Local 138.

Based on your assurance that Local 138 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

The audit 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 Local 138 for the fiscal year ended December 30, 2014, was deficient in the following areas:

1. Disbursements to Officers

Local 138 did not include any reimbursements to officers totaling at least \$1,547, in the amounts reported in Item 24 (All Officers and Disbursements to Officers). For example, the union's records show that you and Mr. Dalbey received reimbursement for expenses including telephone, training expenses, purchase of binders, and the purchase of a printer and a toner cartridge. However, these disbursements were not reported in Column E (Allowances and Other Disbursements) for you and Mr. Dalbey.

The union must report most direct disbursements to Local 138 officers and some indirect disbursements made on behalf of its officers 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. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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).

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 138 amended its constitution and bylaws in 2014, but did not file a copy with its LM report for that year.

Local 138 has now filed a copy of its constitution and bylaws.

In addition, the Union's subsidiary report was filed as an LM-3 attachment to Local 138's LM-3 report for the fiscal year ending in December 30, 2014. See LM-3 instructions Section X. Labor Organizations with Subsidiary Organizations; specifically, the reporting requirements stating that a labor organization is required to report financial information for each of its subsidiary organizations by either: 1) consolidating the financial information of

the subsidiary organization(s) and the labor organization on a single form; or 2) by filing a annual financial report of the subsidiary organization accompanied by a statement signed by an independent public accountant certifying that the financial report represents fairly the financial condition and operations of the subsidiary organization.

Since Local 138 has opted to file a consolidated report, in lieu of filing an annual financial report of the subsidiary, the Union's receipts will exceed the \$250,000 threshold for filing a LM-3 report. Therefore, an amended LM-2 report is necessary.

Local 138 has agreed to file an amended Form LM-2 for the fiscal year ended Month December 30, 2014, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 must be filed no later than August 1, 2015. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Violation

The audit disclosed the following other violation:

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 Local 138's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 138 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 Stage & Picture Operators AFL-CIO LU 138 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. Gary W. Clark, President