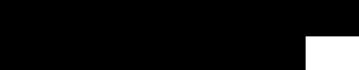


U.S. Department of Labor

Office of Labor-Management Standards
New York District Office
201 Varick Street, Suite 878
New York, NY 10014
(646) 264-3190 Fax: (646) 264-3191



May 29, 2015

Mr. Nathan Fowler, Treasurer
Stage and Picture Operators Local 311


Case Number: 130-6003688
LM Number: 040863

Dear Mr. Fowler:

This office has recently completed an audit of Stage and Picture Operators Local 311 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, President Peter Lastowski, President Elect Chad Phillips, and Financial Secretary Frank Dendanto on May 27, 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.

Reporting Violations

The audit disclosed violations 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 Forms LM-3 filed by Local 311 for the fiscal years ended December 31, 2011, 2012, and 2013 were deficient in the following areas:

1. Fidelity Bond

Line 20 of the Form LM-3 requires that you enter the maximum amount recoverable for a loss caused by any officer, employee, or agent of your organization who handled your organization's funds. In all three of the above fiscal years you entered \$1,000,000 as the amount recoverable, when the actual amount recoverable was \$30,000.

2. Loans Receivable

Line 26 of the Form LM-3 requires that you enter the total of all loans owed to your organization at the start and end of the reporting period in Columns (A) and (B), respectively. Erroneous figures were entered on the LM-3 forms for all three of the above fiscal years. On the 2011 report, the amount in Line 26(A) should have been \$12,000, not \$3,391; and the amount in Line 26(B) should have been \$15,000, not \$18,391. On the 2012 report, the amount entered in Line 26(A) should have been

\$15,000, not \$18,391; and the amount in Line 26(B) should have been zero, not \$18,391. On the 2013 report, the amounts entered in both Lines 26(A) and 26(B) should have been zero, rather than \$18,391.

3. Other Receipts

Line 43 of the Form LM-3 requires that you enter all receipts of your organization other than those reported in Items 38 through 42, including proceeds from the sale of supplies, loans obtained, repayments of loans made, rents, and funds collected for transmittal to third parties. The amount entered in this line for all three of the above fiscal years was zero. However, on the 2011 report, Line 43 should have shown the \$12,000 paid back from a loan for that amount made to Hudson Valley Productions (HVP) in 2010; and on the 2012 report, the amount in Line 43 should have been \$15,000 to show the repayment of a loan for that amount made to HVP in 2011.

Local 311 must file amended Forms LM-3 for the fiscal years ended December 31, 2011, 2012, and 2013, to correct the deficient items discussed above. I encourage Local 311 to complete, sign, and file its report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than June 15, 2015, or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Violations

The audit disclosed the following additional 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 311's officers and employees are currently bonded for \$30,000, but they must be bonded for at least \$35,000. Local 311 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than June 15, 2015

Other Issues

1. Use of Signature Stamp

During the audit, you advised that it is your practice to sign union checks and to stamp the signature of the president on union checks. The two signature requirement is an

Mr. Nathan Fowler
May 29, 2015
Page 3 of 2

effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 311 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Stage and Picture Operators Local 311 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,

[REDACTED]
Senior Investigator

cc: Matthew D. Loeb, International President
Peter Lastowski, President
Chad Phillips, President Elect
Frank Dendanto, Financial Secretary