

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Los Angeles District Office
915 Wilshire Blvd., Suite 910
Los Angeles, CA 90017
(213) 543-6405 / FAX: (213) 534-6413



August 22, 2005

Donna Covert, Financial Secretary Treasurer
Stage and Picture Operators (Amusement Area Employees Union)
Local 192B
10999 Riverside Drive, Suite 301
N. Hollywood, CA 91602

Re: 2

Dear Ms. Covert:

This office has recently completed an audit of Stage and Picture Operators Local 192B 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, Jay Smith, union Attorney and Christine Blazey, CPA on August 19, 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 a violation of Title II, Section 201(b) of the LMRDA in that reimbursed expenses to officers were incorrectly reported as meeting expenses in Schedule 13 - Office and Administrative expenses instead of being reported as direct disbursements to officers. As discussed, 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. You received total check payments of \$4,838 from the union for reimbursement of union related expenses such as lunch meetings, lodging and rental car expenses. Schedule 9, Column F, Disbursements for Official Business, failed to include those payments made by the union to reimburse you for union expenses on your personal credit card which were necessary to conduct official union business (except for indirect room rent charges and transportation by public carrier, which are to be reported in Schedule 13, according to LM-2 instructions). The 2003 LM-2 report does not show any disbursements to any officer or employee.

The CAP disclosed a violation of Title II, Section 206 of the LMRDA in that the union failed to maintain adequate records for at least five years by which reimbursed expenses and lost time claims can be verified, explained and clarified. As discussed, in the case of personal expense vouchers, this includes not only the retention of original bills, 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 addition, a statement from one's personal credit card company is not adequate for proper reimbursement because it does not itemize expenses. In the case of lost time claims, this includes the Schedule Request Form that would show that the employee has been released or excused from work. As discussed, lost time claims should be submitted with a Schedule Request Form from the employer to support the scheduled work period of the day that was lost to union

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business. Although a Leave Statement issued by the employer will not show the days that the employee was on lost time (as you had stated), it will show whether or not the employee was working on a day(s) that he or she was scheduled to be on union leave.

Because the information presently at hand indicates that these violations were not willful, no further action is contemplated at this time. This case, however, will remain open until you submit the amended LM-2 reports for fiscal years ending December 31, 2003 and December 31, 2004. Inasmuch as you have agreed to file the amended reports by August 26, 2005, no further action is contemplated at this time.

I want to extend my personal appreciation to you and your staff for your 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

Investigator

cc: Jay Smith, Esq.