

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Boston District Office
Room E-365
JFK Federal Building
Boston, MA 02203
(617)624-6690 Fax: (617)624-6606



June 11, 2009

Mr. John Gates, President
Stage and Picture Operators (IATSE), AFL-CIO
Local 481
10 Tower Office Park, Suite 218
Woburn, MA 01801

LM File Number 533-910

Case Number: [REDACTED]

Dear Mr. Gates:

This office has recently completed an audit of IATSE Local 481 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 Mr. James MacDonald on June 10, 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 481's records for the fiscal year ending March 31, 2008 revealed the following recordkeeping violation:

Lack of Salary Authorizations

Local 481 did not maintain sufficient records to verify that the salaries for certain key officers and employees, reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2, were the authorized amounts and, therefore, were correctly reported. The union must keep a record, such as meeting minutes, to detail the current salary and benefits package authorized by the union.

Based on your assurance that Local 481 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-2) filed by Local 481 for fiscal year ending March 31, 2008, was deficient in the following area:

Disbursements to Officers and Employees

Local 481 did not report the names of some past officers who concluded their terms of office during the audit year and the total amounts of payments to them or on their behalf in Schedule 11 (All Officers and Disbursements to Officers). The union must report all persons who held office at any time during the year, regardless of whether or not they received any payments from the union. Additionally, Local 481 did not include in Schedules 11 and 12 (Disbursements to

Employees) some indirect disbursements necessary for conducting official business, specifically the meal expenses of officers and employees. It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses that union personnel incur, for example, mileage allowances, meal allowances, and expenses for meals and entertainment. The union must report indirect disbursements for business expenses that union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business in Schedules 15 through 19.

I am not requiring that Local 481 file an amended LM report for 2008 to correct the deficient items, but Local 481 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

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 481's officers and employees were not bonded for the minimum amount required at the time of the audit; however, the union 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.

Other Issue

Use of Signature Stamp

During the audit, Secretary-Treasurer James MacDonald advised that Local 481's policy requires two signatures for expenses greater than \$500.00. Due to the part-

time status of officers and in order to make timely payments, the union's practice is for the secretary-treasurer to sign all union checks and to obtain written approval from the president before either the secretary-treasurer or the union office staff stamps the signature of the president. A two signature requirement is an effective internal control of union funds, with its purpose being to attest to the authenticity of a completed document already signed. The use of a signature stamp for the second signer, however, does not attest to the authenticity of the completed check and negates the purpose of the two signature requirement. OLMS recommends that Local 481 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to IATSE Local 481 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,

Mark Letizi
District Director

cc: Mr. James MacDonald, Secretary-Treasurer