



March 24, 2016

Mr. Mark Wojahn, President
IATSE Local 490
312 Central Avenue
Suite 398
Minneapolis, MN 55414

Case Number: 320-6006753
LM Number: 540209

Dear Mr. Cohen:

This office has recently completed an audit of IATSE Local 490 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 Treasurer Edward Cohen and on March 23, 2016, 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 490's 2015 records revealed the following recordkeeping violations:

1. Debit Card Expenses

Local 490 did not retain adequate documentation for debit card expenses totaling at least \$995. For example, the local incurs a monthly charge for the union's telephone service

from CenturyLink in the amount of approximately \$43 per month. Of the twelve charges incurred by the local in 2015 totaling about \$513, the union failed to retain seven CenturyLink invoices totaling \$214.03 in the union's records. As another example, Mr. Cohen incurred a \$26.71 meal expense at New Bohemia on November 20, 2015, however no receipt was kept in support of the expense.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Meal Expenses

Local 490 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$187. For example, Mr. Cohen incurred a meal expense at Mac's Industrial on May 13, 2015 for an executive board meeting. In support of this expense, Mr. Cohen only kept the signature copy of the receipt, which is not sufficient. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Based on your assurance that Local 490 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 490 for the fiscal year ended December 31, 2014, was deficient in the following areas:

1. Acquire/Dispose of Property

Item 13 LM-3 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away Saint Paul Saints baseball tickets to members totaling \$268. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

2. Disbursements to Officers

Local 490 did not include reimbursements to officers totaling at least \$369 in the amounts reported Item 24 (All Officers and Disbursements to Officers). For example, the local's bank statements and receipts show that Mr. Cohen charged meals totaling at least \$339 on union debit card. These payments were not included in the amounts reported in Column E (Allowances and Other Disbursements) of Item 24, and it appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 490 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 for room rent only) 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).

I want to extend my personal appreciation to IATSE Local 490 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: Edward Cohen, Treasurer