

**U.S. Department of Labor**

Office of Labor-Management Standards  
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March 18, 2010

Mr. Allen Byassee, Business Agent  
Stage and Picture Operators AFL-CIO  
Local 69  
3340 Poplar Avenue, Suite 129  
Memphis, TN 38111

LM File Number 020-072  
Case Number: [REDACTED]

Dear Mr. Byassee:

This office has recently completed an audit of IATSE Local 69 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 March 05, 2010, 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 the following findings:

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 69's 2008 records revealed the following recordkeeping violations:

1. Failure to Record Receipts

Local 69 did not record in its receipts records any employer dues checkoff checks. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

2. Receipt Dates not Recorded

Entries in Local 69's receipts ledger reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

Based on your assurance that Local 69 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 69 for fiscal year ending December 31, 2008, was deficient in that:

#### 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 69 amended its constitution and bylaws in 2008, but did not file a copy with its LM report for that year.

Local 2008 has now submitted a copy of its constitution and bylaws to OLMS.

I am not requiring that Local 69 file an amended LM report for 2008 to correct the deficient items, but Local 69 has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### Use of Signature Stamp

During the audit, Allen Byassee advised that it is Local 69's practice for him to stamp his signature on union checks. Allen Byassee indicated that no one but him reviews the checks before they are issued. Article 7 of Local 69's bylaws requires that checks be signed by the business agent and treasurer. The two signature requirement is an 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 signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 69 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to IATSE Local 69 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make

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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: Bernie Bernil, President