



September 30, 2010

Mr. Michael Keenan, Secretary-Treasurer
Stage & Picture Operators, AFL-CIO
Local 750
446 N. Edgewood
LaGrange Park, IL 60526

Case Number: [REDACTED]
LM Number: 036-760

Dear Mr. Keenan:

This office has recently completed an audit of Stage & Picture Operators, AFL-CIO, Local 750 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 July 29, 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.

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 750's 2008 records revealed the following recordkeeping violations:

1. Lack of Supporting Documents

Adequate supporting documentation was not maintained for at least three office supply/equipment disbursements totaling approximately \$2,428 and at least thirteen telephone and internet service charges totaling approximately \$1,284. Photocopies of invoices were maintained for these disbursements, but original invoices were not maintained by the Local.

In addition, adequate supporting documentation was not retained for the purchase of twelve gift cards from Gibson's Steakhouse totaling \$1,440. However, Local 750 did maintain a handwritten note that disclosed the recipients and titles of those receiving the gift cards.

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 750 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, at least ten original restaurant receipts totaling approximately \$1,055 were maintained that listed the names of those who incurred the meal expense, but their titles and the explanation of the union business conducted were not written on the original receipt. The audit also revealed that two original restaurant receipts totaling approximately \$288 that did not list the names of those who incurred the meal expense or a written explanation of the union business conducted. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges.

3. Failure to Record/Deposit Receipt

Local 750 did not record in its receipts journal one \$425.10 dues checkoff check dated June 10, 2008 that was received from the Chicago Symphony Orchestra. The audit revealed that this check was inadvertently deposited into the Local 750 pension fund general account even though such check should have been deposited into Local 750's general fund. 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.

4. Receipt Dates not Recorded

Entries in Local 750's receipts journal reflect the date the union deposited money, but not the date money was received. For example, two new members made checks payable to Local 750 on October 8, 2008 totaling \$2,400; however, the checks were not recorded in the receipts journal until October 28, 2010. 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.

5. Lack of Salary Authorization

Local 750 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

6. Permit Fee Payers – Date Worked

Local 750 did not consistently record the date on the permit fee collection record on which a permit fee payer worked. For example, the collection records for permit fees collected at the United Center in March and April 2008 totaled approximately \$2,882, but none of the collection records listed the dates on which a permit fee payer worked his or her shifts. As previously noted above, labor organizations must maintain one record that lists the date, amount, purpose and source of each receipt. Local 750 receipt records must include the date a permit fee payer works in order to adequately document the purpose of each permit fee receipt.

Based on your assurance that Local 750 will maintain adequate supporting 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 the Local 750 for fiscal year ending December 31, 2008, was deficient in the following areas:

1. Trusts or Funds

Local 750 marked Item 11 (during the reporting period did the labor organization create or participate in the administration of a trust which provides benefits for members?) “Yes,” but failed to record the address of the Local 750 defined benefit pension plan and the associated ERISA file number in Item 56 as required by the LM-3 instructions.

2. Political Action Committee Funds

Local 750 marked Item 12 (during the reporting period did the labor organization have a Political Action Fund?) “Yes,” but failed to record the name of the government agency with which the Local 750 Political Action Fund filed a report in Item 56 as required by the LM-3 instructions.

3. Initiation and Permit Fees

Local 750 miscategorized approximately \$63,468 in initiation fees and permit fees as per capita tax receipts when such receipts should have been reported in Item 40 (fees, fines, assessments & work permits).

4. 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 750 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year or any year thereafter.

Local 750 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 750 file an amended LM report for 2008 to correct the deficient items, but Local 750 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

1. Signing Blank Checks

During the audit, you advised that President Michael Goldrick signs blank checks. Your union's bylaws require that all checks be signed by the president and secretary 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, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 750 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to IATSE Local 750 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the enclosed compliance assistance materials are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mr. Michael Goldrick, President
Mr. Joseph M. Burns, Attorney