

U.S. Department of Labor

Office of Labor-Management Standards
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February 16, 2010

Mr. Marshall Croy, President
Stage & Picture Operators AFL-CIO
Local 78
PO Box 10251
Birmingham, AL 35202

LM File Number: 032-919

Case Number: [REDACTED]

Dear Mr. Croy:

This office has recently completed an audit of Stage & Picture Operators AFL-CIO, Local Union 78 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, Treasurer Paul Schatz, Secretary Sam Barnett, Sergeant at Arms Glen Walls, and Business Representative Terry Wilkins on February 11, 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 78's 2009 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 78 did not retain adequate documentation for reimbursed expenses incurred by union officers and employees totaling at least \$2,349.00. For example, Check Number [REDACTED], dated 4-13-09, in the amount of \$245.30, payable to [REDACTED] for expenses did not have an invoice, bill, or receipt. Check Number [REDACTED], dated 6-16-09, in the amount of \$1,342.28, payable to [REDACTED] for lodging expenses at the National Convention did not have an invoice, bill, or receipt. Check Number [REDACTED], dated 8-28-09, in the amount of \$100.00, payable to [REDACTED] as a gift did not have an invoice or receipt.

As previously 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. Fixed Assets

Local 78 did not have a fixed asset list or inventory sheet that could be located for the audit year or any previous year. The union had fixed assets, including, but not limited to: telecommunications devices, an office combination safe and various pieces of office furniture and equipment. The proper maintenance of union records is the responsibility of the president and treasurer (or corresponding principal officers) of your union who are required to sign your union's LM report.

Based on your assurance that Local 78 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 violations 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 78 for fiscal year ending December 31, 2008 (latest year on file), was deficient in the following area:

Failure to File By Laws

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 78 amended its By Laws in 2005 but did not file a copy with its LM report for that year or any year since. Local 78 took immediate steps to correct the violation and has now filed a copy of its constitution and bylaws.

Other Issue

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 78'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.

I want to extend my personal appreciation to Local 78 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.

Mr Marshall Croy
February 16, 2010
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Sincerely,

[REDACTED]

Investigator

cc: Treasurer Paul Schatz