



October 13, 2022

Mr. Chris M. Harrold, President  
Studio Security and Fire Association  
PO Box 7215  
Burbank, CA 91510

Case Number: 520-6023507( )  
LM Number: 051890

Dear Mr. Harrold:

This office has recently completed an audit of Studio Security and Fire Association (SSFA) 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 and Miguel Tapia on October 19, 2022, 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 SSFA's records revealed the following recordkeeping violations:

1. General Reimbursed and Debit Card Expenses

SSFA did not retain adequate documentation for at least eight debit card charges totaling \$234.29. For example, on July 7, 2021, there was a receipt but no explanation for a debit

card charge of \$188.00 to USPS in Burbank, California. Another example includes no receipt or explanation for a debit card charge of \$30.15 to Amazon.com on December 7.

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. Failure to Record Receipts

SSFA did not record in its quarterly dues reports some membership dues checks collected by Secretary-Treasurer Tapia. For example, bank statements show \$51,555.01 in dues were deposited into SSFA's two accounts, but Tapia only recorded in the quarterly dues reports a total of \$48,505.01.

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.

3. Receipt Dates not Recorded

Entries in Local SSFA's quarterly dues reports did not always reflect the date the union deposited money, or the date money was received. For example, the 1st Quarter Dues Report for 2021 shows that [REDACTED] paid \$50 but the date the check was received and deposited is not noted.

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.

4. Information not Recorded in Meeting Minutes

On May 3, 2021, SSFA issued a \$14,000 check [REDACTED] to the union's accounting firm, [REDACTED] however, the minutes of the meeting do not contain any reference to that expenditure. Article Nine, Section 3 of the SSFA's constitution and bylaws states that any amount over \$500 must have approval from the Board of Governors. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

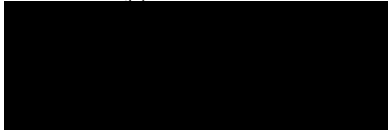
Based on your assurance that SSFA will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

SSFA pays bills and officers via an online checking generating system provided by First Entertainment Credit Union that only requires one user to authorize payments. Article Nine, Section 3 states that “Checks, drafts, promissory notes or orders for payment of money or other evidence of indebtedness shall be signed and counter-signed by the Secretary-Treasurer, President, or Vice-President.” A dual signature authorization system should be employed.

I want to extend my personal appreciation to you 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,

A solid black rectangular box redacting the signature of the investigator.

Investigator