



May 30, 2023

Mr. Cary Truex, President
IATSE Local 923
PO Box 9031
Anaheim, CA 92812-9031

Case Number: 520-6025378()
LM Number: 517451

Dear Mr. Truex:

This office has recently completed an audit of IATSE Local 923 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 May 17, 2023, 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 923's records for fiscal year ending December 31, 2021 revealed the following recordkeeping violations:

1) General Reimbursed and Credit Card Expenses

Local 923 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by the former president totaling at least \$1,389.69. For example, the

union reimbursed the former president by check on August 14, 2021, in the amount of \$1,389.69, for the purchase of two computers and software; however, Local 923 did not maintain the receipt for this purchase.

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) Information not Recorded in Meeting Minutes

Local 923's general membership and executive board meeting minutes for 2021 did not contain any references to expenditures made by Local 923. For example, between January 2021 and March 2021, Local 923 issued 15 dues refund checks issued to members totaling \$1,743.00 that were not recorded in the meeting minutes. In addition, the minutes do not include references to four checks totaling \$4,000 issued to the law firm of [REDACTED] nor, as stated above, the reimbursement check to the former president for the purchase of two computers and software. Article VII B, Section 3 of Local 923's constitution and bylaws provides that the executive board controls disbursements of all funds, subject to the approval of the general membership. Minutes of all membership or executive board meetings must report the authorization of any disbursements made at those meetings.

Based on your assurance that Local 923 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 LM-3 filed by Local 923 for the fiscal year ended December 31, 2021, was deficient in the following areas:

1) 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 923 amended its constitution and bylaws in 1994 but had not filed a copy with its LM report since then.

As agreed, Local 923 will file a copy of its current constitution and bylaws with OLMS as soon as possible but not later than May 31, 2023.

2) Failure to List All Officers

Although Bonnie Hong resigned as treasurer in March 2021, her name and the total amounts

of payments to her or on her behalf were not reported in Item 24 (All Officers and Disbursements to Officers). All persons who held office during the year must be reported in Item 24 regardless of whether or not they received any payments from the union.

3) Lost Time Payments Incorrectly Reported

Local 923 failed to report lost time payments to the former president and former secretary in column D (Gross Salary, before taxes and other deductions) of Item 24 (All Officers and Disbursements to Officers). Such payments were erroneously reported in column E (Allowances and Other Disbursements).

I am not requiring that Local 923 file an amended LM-3 report for 2021 to correct the deficient items but, as agreed, Local 923 will properly report the deficient items on all future reports filed with this agency.

Other

The audit disclosed the following other issue:

1) Countersigning Checks

The audit revealed a number of checks drawn on the union's account were signed by only one officer. Article XV.D, Section 5, of Local 923's constitution and bylaws require checks to have two signatures. In one instance, a check written to the former president was signed only by the former president. 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. It is recommended that Local 923 require all checks to be countersigned in accordance with the union's bylaws.

I want to extend my personal appreciation to IATSE Local 923 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