



January 29, 2014

Ms. Senita Peck, Secretary Treasurer
IATSE Local 127
2710 Live Oak
Dallas, TX 75204

Case Number: 420-14173 [REDACTED]
LM Number: 048935

Dear Ms. Peck:

This office has recently completed an audit of IATSE Local 127 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, President Franklin Horvath, Vice President Patrick Keller, Recording-Secretary Bradley Breitbarth, Business Agent David Newman, and Executive Board Members at Large Dennis Moxley, Ben Fleming, and John Macho on January 13, 2014, 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.

Record Keeping 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 127's 2012 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 127 did not retain adequate documentation for reimbursed expenses incurred by Secretary-Treasurer Senita Peck totaling \$131.37 and Business Agent David Newman in the amount of \$1,137.53.

You stated that all vouchers and supporting documents to support payments will be maintained.

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. Lack of Overtime and Bonus Authorization

Local 127 did not maintain records to verify the authorization of overtime and bonus payments reported in Schedule 12 (Disbursements to Employee) on the LM-2 for the office administrator, Senita Peck, was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current overtime and bonus authorized by the entity or individual in the union with the authority to establish overtime and bonus payments. Your retirement pension is paid directly to yourself as a bonus instead of being paid to a retirement pension plan as outlined in the annual budget and membership meeting minutes. You stated that the membership approved the pension plan to be paid at your discretion. Federal regulations require pension payments to be paid to a pension plan account. In order to pay your pension as a bonus to yourself, it needs to be approved by the membership and categorized as a bonus.

You stated the union will present the overtime and bonus payments authorization for approval at the upcoming February 3, 2014 membership meeting, and update its policy. Local 127 will provide OLMS a copy of the updated policy and membership meeting minutes by February 7, 2014.

Based on your assurance that Local 127 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-2) filed by Local 127 for the fiscal year ended December 31, 2012, 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 127 did not file an updated copy of its bylaws.

Local 127 has now filed a copy of its constitution and bylaws.

Local 127 has agreed to properly submit its revised bylaws when filing its future LM-2 reports with OLMS.

2. Disbursements to Officers and Employees

Local 127 did not include some reimbursements to officers and employees totaling at least \$7,508.47 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

Local 127 must file an amended Form LM-2 for the fiscal year ended December 31, 2012, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 must be filed no later than February 12, 2014. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to IATSE Local 127 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

cc: Franklin Horvath, President
Patrick Keller, Vice President
David Newman, Business Agent
Brad Breitbarth, Recording Secretary
Dennis Moxley, Executive Board Member at Large
Ben Fleming, Executive Board Member at Large
John Macho, Executive Board Member at Large