



April 21, 2017

Mr. Lawrence Henke, Financial Secretary
Stage & Picture Operators Local Union 126
PO Box 185178
Fort Worth, TX 76118

Case Number: 420-6009833 [REDACTED]
LM Number: 010219

Dear Mr. Henke:

This office has recently completed an audit of Stage & Picture Operators Local Union 126 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, Marla Faulk, Sondra Speer, and Diane Freeman on April 21, 2017, 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 Violation

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 126's 2016 records revealed the following recordkeeping violation:

Failure to Record Receipts

Local 126 did not record in its receipts records credit adjustments and payment reversals totaling \$2,414.90 in the union's records. 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. The union has agreed to properly record all transactions and reconcile the union's records each month.

Based on your assurance that Local 126 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violation

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 126 for the fiscal year ended December 31, 2012, deficient in the following area:

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 126 amended its constitution and bylaws in 2012, but did not file a copy with its LM report for that year.

Local 126 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 126 file an amended LM report for 2012 to correct the deficient items, but Local 126 has agreed to properly submit any amended constitution and bylaws with all future reports it files with OLMS.

Other Issues

The audit disclosed the following other issues:

1. Use of Signature Stamp

During the audit, Financial Secretary Lawrence Henke advised that it is Local 126's practice for Bookkeeper [REDACTED] to stamp the signature of Financial Secretary Henke on union checks. The use of a signature stamp by an outside agency does not attest to the authenticity of a union check signed by the financial secretary. OLMS recommends that Local 126 review these procedures to improve internal control of union funds.

2. Checks Contained One Signature

Checks issued by IATSE Local Union 126 only contained one signature. Article VII, Section 4 of the IATSE Local Union 126 Constitution and Bylaws state all checks must be co-signed by the President and the Financial Secretary. 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. OLMS recommends that Local 126 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to IATSE Local Union 126 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: Marla Faulk, President
Sondra Speer, Vice President
Diane Freeman, Business Agent