

U.S. Department of Labor

Employment Standards Administration
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February 27, 2009

Mr. Gary Schmidt, Treasurer
Stage and Picture Operators
Local 7
1474 Curtis St.
Denver, Colorado 80202

LM File Number: 042-132
Case Number: [REDACTED]

Dear Mr. Schmidt:

This office has recently completed an audit of Stage and Picture Operators Local 7 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 February 25, 2009, 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.

The audit disclosed the following:

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 Stage and Picture Operators Local 7 2008 records revealed the following recordkeeping violations:

1. Disposition of Property

Local 7 failed to maintain an inventory of hats, jackets, and other property which were purchased and sold or given away. Records must be maintained that account for all union property. In the case of union hats, jackets and other items sold to members, the date and amount received from every sale must be recorded in at least one record.

2. Other

Some checks that were voided and not issued were not retained.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The union is also responsible for accurate entries in its books and records. 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.

Based on your assurance that Local 7 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violations

The audit disclosed the following other violation:

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 7'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 Stage and Picture Operators Local 7 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,

[REDACTED]
Supervisory Investigator

cc: Mr. James Taylor, Business Representative