



January 25, 2011

Mr. Rick Madison, Business Representative  
IATSE Local 17  
119 West Breckinridge  
Louisville, KY 40203

Case Number: [REDACTED]  
LM Number: 018925

Dear Mr. Madison:

This office has recently completed an audit of IATSE Local 17 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 President Gregory Campbell on January 5, 2011, 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 17's 2009 records revealed the following recordkeeping violation:

#### Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that there were discussions during membership meetings in 2004 and 2005 that authorized the union to make loans to West Breck Corporation. However, there is no mention of the loan approval in the 2004 or 2005 meeting minutes. Minutes of all membership or executive board meetings must report any disbursement authorizations made at

those meetings. Based on your assurance that Local 17 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Violation

The audit disclosed the following other violation:

Inadequate Bonding

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 the amount of Local 17's bond was sufficient. However, the bond included a deductible, which is a form of self-insurance that fails to meet the bonding requirements of the LMRDA. Local 17 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.

Other Issue

Use of Signature Stamp

During the audit, you advised that it is Local 17's practice to use signature stamps for you and President Gregory Campbell's signature when one of you is not available to sign checks. 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. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 17 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to IATSE Local 17 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: Mr. Gregory Campbell, President