



March 8, 2011

Mr. Greg Barbour, President
Stage & Picture Operators AFL-CIO, Local 46
211 Donelson Pike
Bldg. A, Suite 202
Nashville, TN 37214-2932

Case Number: [REDACTED]
LM Number: 014784

Dear Mr. Barbour:

This office has recently completed an audit of Stage & Picture Operators AFL-CIO, Local 46 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 Office Manager Michelle Shelton on February 1, 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 46's 2008 records revealed the following recordkeeping violations:

1. Failure to Record Receipts and Disbursements

Local 46 did not record in its receipts records payroll checks received from members that were cashed by the local. Additionally, Local 46 did not record in its disbursement records cash proceeds paid to members that were cashing payroll checks through the union. For example, the union cashed payroll checks for members, deducting the union's portion of the check. The union did not record the receipts from and disbursements for the checks cashed totaling at least \$8,000. Local 46 also failed to properly record checks. For example, check number [REDACTED] did not contain a notation on the check stub, and check number [REDACTED] was marked as "void" on the check stub, but the check was not voided, and cleared the bank on February 13, 2009. Union receipt/disbursement records must include an adequate identification of all money the union receives and/or disburses. The records should show the date and amount received, the date and amount disbursed, and the source of the money. The president and treasurer of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Failure to Maintain Records for Bank Account

Local 46 did not record in its records the monies or transactions for a checking account at Bank of America. This account did not have a union receipt or disbursement log/ledger or any type of electronic union record. Additionally, Local 46 failed to retain original copies of checks received from the bank. Furthermore, the union did not retain voided checks. For example, check number [REDACTED] was voided and the voided check was not on hand. As stated above, union receipt/disbursement records must include an adequate identification of all money the union receives and/or spends. The records should show the date and amount received, the date and amount spent, and the source of the money. The labor organization must maintain all records used in the course of union business. The president and treasurer 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 46 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 Reports (Form LM-2) filed by Local 46 for the fiscal years ended December 31, 2008 and December 31, 2009 were deficient in the following areas:

1. Interest

Local 46 failed to report interest in Statement B Item 40 on the December 31, 2008 LM-2 report. As stated in the LM-2 report instructions for Item 40 (Interest), enter the total amount of interest received by the labor organization from savings accounts, bonds,

mortgages, loans, and all other sources. The audit revealed that Local 46 earned interest of at least \$1,500 in fiscal year ending December 31, 2008. Therefore, the interested earned must be included in Local 46's LM-2 report for that fiscal year.

2. Cash

Statement A, Item 22 (Cash) did not correctly reflect the total of all of Local 46's cash on hand and on deposit at the start and end of the reporting period. Local 46 failed to include the cash on hand from a checking account held at Bank of America. As stated in the LM-2 report instructions, Item 22 (Cash) should reflect the total of all the labor organization's cash on hand and on deposit at the start and end of the reporting period. Cash on deposit includes funds in banks, credit unions, and other financial institutions, such as checking accounts, savings accounts, certificates of deposit, and money market accounts.

3. Other Receipts/General Overhead

Local 46 did not report in Schedule 14 and Statement B, Item 48 (Other Receipts) some other receipts received by Local 46. The local serviced members by cashing payroll checks for the member, deducting the amount due to the union. Local 46 only reflected the amount due to the union in the appropriate categories, but did not account for the entire check received. Additionally the union did not report in Schedule 18 and Statement B, Item 53 (General Overhead) the proceeds disbursed to the member when cashing these checks. As stated in the LM-2 report instructions, Schedule 14 (Other Receipts) should reflect receipts from all sources during the reporting period, other than those reported elsewhere in Statement B. Additionally, Schedule 18 (General Overhead) should reflect the labor organization's direct and indirect disbursement to all entities and individuals during the reporting period associated with general overhead that cannot be allocated to any of the other disbursement categories in Statement B.

4. On Behalf of Affiliates for Transmittal to Them/To Affiliates of Funds Collected on Their Behalf

Local 46 did not report in Statement B, Item 46 (On Behalf of Affiliates for Transmittal to Them) monies received on behalf of affiliates for transmittal to them and did not report in Item 63 (To Affiliates of Funds Collected on Their Behalf) monies disbursed to affiliates for funds collected on their behalf. The local received/dispensed monies for pension and flexible benefit funds. Local 46 did not report these receipts/dispensments in Statement B, Item 46 and 63 respectively. As stated in the LM-2 report instructions for Statement B, Item 46 (On Behalf of Affiliates for Transmittal to Them) enter the total amount received by the labor organization on behalf of affiliates for transmittal to them, the disbursement must be reported in related Item 63 (To Affiliates of Funds Collected on Their Behalf).

5. Other Liabilities

Local 46 did not report in Schedule 10 and Statement A, Item 33 (Other Liabilities) monies that were collected on behalf of affiliates for transmittal to them that were not disbursed by the end of the fiscal year. The LM-2 report instructions for Item 63 (To Affiliates of Funds Collected on Their Behalf) instruct that any such fund not disbursed by the end of the reporting period are liabilities of the labor organization and must be reported in Schedule 10 (Other Liabilities).

6. 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 46 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 46 has now filed a copy of its constitution and bylaws.

Local 46 filed an amended Form LM-2 for the fiscal year ended December 31, 2009, to correct the deficient items discussed above. Additionally, Local 46 has agreed to properly report the deficient items on all future reports it files with OLMS.

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 Local 46's officers and employees were not bonded for the minimum amount required at the time of the audit. However, Local 46 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

Failure to Follow Constitution and Bylaws

Local 46 failed to follow Article VII, Section 4 of the Local's constitution and bylaws that require the treasurer to deposit all monies in a bank account in the name of the local, when the union deposited monies to and maintained an account in a name other than the local's name.

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As the union has agreed to add I.A.T.S.E Local 46 to the bank account name, OLMS will take no enforcement action regarding this issue.

I want to extend my personal appreciation to Stage & Picture Operators AFL-CIO, Local 46 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,

A solid black rectangular box used to redact the signature of the sender.

Supervisory Investigator