



January 20, 2012

Mr. Michael Marancik, Secretary-Treasurer
Stage & Picture Operators AFL-CIO
Local Union 82
PO Box 545
Wilkes-Barre, PA 18703-0545

Case Number: [REDACTED]
LM Number: 005-003

Dear Mr. Marancik:

This office has recently completed an audit of Stage & Picture Operators AFL-CIO, Local 82 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 Business Agent Joseph K. Jacobs on January 17, 2012, 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 82's 2010 records revealed the following recordkeeping violations:

1. Meal Expenses

Local 82's records of meal expenses did not always include written explanations of the names and titles of the persons incurring the restaurant charges. For example, on January

26, 2010 President Joseph M. Jacobs used his union assigned debit card at Pasquale's located in Wilkes-Barre, PA for a meal expense totaling \$125.55 associated with contract negotiations. President Jacobs submitted a voucher including the purpose of the expense and an itemized receipt; however, information pertaining to the individuals that incurred the expense was not available. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges.

2. Wages Incurred

Local 82 did not retain adequate documentation for wage reimbursement payments to Business Agent Joseph K. Jacobs totaling at least \$8,696.00. The union must maintain records in support of wage claims that identify each date wages were incurred, the number of hours worked on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 82, is maintaining vouchers that include the applicable rate of pay and the total amount of hours Business Agent Jacobs worked each month; however, the vouchers did not include the specific date with number of hours worked on each date and the description of union business conducted.

During the exit interview, I provided a sample of an expense voucher Local 82 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for wages and other officer expenses.

Based on your assurance that Local 82 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-3 filed by Local 82 for the fiscal year ended December 31, 2010, was deficient in the following areas:

1. Disbursements to Officers

Local 82 did not include some reimbursements to officers totaling at least \$4,705.05 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

Local 82 also did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 82's officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Certificates of Deposit Reported As Investments

Local 82 improperly included the value of certificates of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

3. 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 82 amended its constitution and bylaws in 2003, but did not file a copy with its LM report for that year. Local 82 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 82 file an amended LM report for 2010 to correct the deficient items, but Local 82 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issues

Use of Signature Stamp

During the audit, you advised that it is Local 82's practice for you to sign all union checks and to stamp the signature of President Joseph M. Jacobs on union checks. You also indicated that you are the only officer that reviews the checks before they are issued. Article VII, Section 3 of Local 82's bylaws requires that checks be signed by the president and secretary-treasurer. 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 82 review these procedures to improve internal control of union funds.

Mr. Michael Marancik

March 6, 2012

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I want to extend my personal appreciation to Stage & Picture Operators AFL-CIO, Local 82 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. Joseph K. Jacobs, Business Agent