



August 23, 2016

Mr. Michael Clem, President
IATSE Local 591
10300 Moxley Rd
Damascus, MD 20872

Case Number: 450-6006491 [REDACTED]
LM Number: 060060

Dear Mr. Clem:

This office has recently completed an audit of International Alliance of Theatrical and Stage Employees (IATSE) Local 591 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 July 28, 2016, 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.

Record Keeping 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 591's 2012 through 2014 records revealed the following recordkeeping

violations:

1. Failure to Maintain Bank Records

Local 591 failed to retain some bank statements for all months of the audit period and failed to retain deposit slips for some deposits made during the audit period. All records received in the course of union business must be maintained.

2. Failure to Maintain Disbursement Records

Local 591 failed to retain some per capita tax invoices from the national union and an invoice from the bonding company. All records received in the course of union business must be maintained.

Based on your assurance that Local 591 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-4, filed by Local 591 for the fiscal years ended December 31, 2012, December 31, 2013, and December 31, 2014 were deficient in that:

1. Receipts and Disbursements

The total number of receipts reported in Item 16 was inaccurate. In 2012, the union reported \$2,180 in receipts, while the actual amount received in that year was \$1,056. In 2013, the union reported \$2,180 in receipts, while the actual amount received in that year was \$2,050. In 2014, the union reported \$2,250 in receipts, while the actual amount received in that year was \$2,850.

The total number of disbursements reported in Item 17 was inaccurate. In 2012, the union reported \$2,100 in disbursements, while the actual amount disbursed in that year was \$45. In 2013, the union reported \$2,100 in disbursements, the actual amount disbursed in that year was \$4,295. In 2014, the union reported \$250 in disbursements, while the actual amount disbursed in that year was \$2,590.

The LM-4 instructions state that all money received by the union in the fiscal year must be reported in Item 16 and all money disbursed in the fiscal year must be reported in Item 17.

2. 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 591 has not filed a copy of its most recent constitution and bylaws with its LM report for the year in which they were amended. Local 591 will file a copy of its constitution and bylaws by August 31, 2016.

I am not requiring that Local 591 file an amended LM report for 2012, 2013, or 2014 to correct the deficient items, but Local 591 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violations

The audit disclosed the following other violation(s):

1. Officer Election

Local 591 has not held an officer election in more than three years. The LMRDA requires local labor organizations to hold an officer election at least every three years. Local 591 must hold an officer election as soon as possible.

I want to extend my personal appreciation to IATSE Local 591 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