



September 25, 2019

Mr. John Lamar, President  
International Alliance of Theatrical Stage Employees  
Local 793  
P.O. Box 94282  
Seattle, WA 98124

Case Number: 530-6015698  
LM Number: 545-015

Dear Mr. Lamar:

This office has recently completed an audit of International Alliance of Theatrical Stage Employees (IATSE) Local (LU) 793 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 26, 2019, 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 793's 2017 records revealed the following recordkeeping violations:

#### 1. General Reimbursed and Credit Card Expenses

LU 793 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by you totaling at least \$130.39. For example, you received LU 793 check [REDACTED] for \$130.39 dated December 28, 2017 noted on the check register as reimbursement of expenses, but failed to maintain a voucher and/or receipts to support the reimbursement.

2. Meal Expenses

LU 793 records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, January 17, 2017 \$21.13 expense at CJ's for lunch; January 31, 2017 \$14.33 expense at CJ's for lunch; August 7, 2017 \$33.96 expense at CJ's for lunch with BA Joel Berhow; and August 8, 2017 \$40.28 expense at CJ's for lunch with John Lamar. 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. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Failure to Record Receipts

LU 793 did not record in its receipts records some employer dues checkoff checks and cash deposits totaling at least \$654.36. For example, Ipay solutions paid LU 793 eight (8) \$32.67 and one (1) \$293 working dues checks totaling \$554.36. LU 793 made two (2) \$50 cash deposits on January 11, 2017 and on October 17, 2017. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

4. Receipt Dates not Recorded

Entries in LU 793's receipts journal reflect the date the union deposited money, but not the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

5. Lack of Salary Authorization

LU 793 did not maintain records to verify that the salaries reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that LU 793 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 793 for the fiscal year ended December 31, 2017, was deficient in the following areas:

1. Disbursements to Officers (LM-3)

LU 793 did not include some reimbursements to officers totaling at least \$2,314.94 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."

LM-3 Instructions require that gross salary and lost time (pay before tax withholdings and other payroll deductions) be reported in Item 24 Column (D) and the total of all other direct and indirect disbursements to each officer other than salary be reported in Column (E) in Item 24. Indirect disbursements includes allowances, disbursements which were necessary for conducting official business of your organization, and disbursements essentially for the personal benefit of the officer and not necessary for conducting official business of your organization. Examples of disbursements to be reported in Column (E) include: allowances made by direct and indirect disbursements to each officer on a daily, weekly, monthly, or other periodic basis; allowances paid on the basis of mileage or meals; all expenses that were reimbursed directly to an officer; expenses for officers' meals and entertainment; and various goods and services furnished to officers but charged to your organization."

2. Failure to Report Professional Fees

LM-3 Instructions require unions to report disbursements for professional fees in Item 49. Professional Fees are those made from your organization's funds for "outside" legal and other professional services, such as auditing, arbitration, payroll, etc. Do not include direct and indirect disbursements to officers and employees which must be reported in Items 45 Cash Disbursements to Officers) and 46 (Cash Disbursements to Employees).

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 793 amended its constitution and bylaws in 2015, but did not file a copy with its LM report for that year. LU 793 has now filed a copy of its constitution and bylaws.

Based on your assurance that LU 793 will properly report the above aforementioned items in the future, OLMS will take no further enforcement action at this time regarding the above reporting violations.

I want to extend my personal appreciation to IATSE LU 793 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,

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Investigator

cc: Mr. Chris Taylor, Treasurer