



June 3, 2024

Mr. Michael Dziakonis, Treasurer
IATSE Local 25
P.O. Box 23474
Rochester, NY 14624

Case Number: 110-6026229()
LM Number: 019856

Dear Mr. Dziakonis:

This office has recently completed an audit of IATSE Local 25 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 Rick Fuller on May 9, 2024, 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 25's 2022 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 25 did not retain adequate documentation for reimbursed expenses, and credit card expenses incurred by union officers and employees totaling at least \$3,765. For example, purchases at USPS totaling \$321.31 and Staples totaling \$236.18 had no receipts. There was also a reimbursement to member David Zaccaria for \$300 for which no receipts were maintained.

Labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. General Disbursements

Local 25 did not maintain adequate records for disbursements to vendors totaling at least \$6,104. The union must maintain itemized receipts and/or invoices provided by merchants and vendors. For example, check [REDACTED] to Petrella Phillips LLP had no receipt or invoice. An itemized invoice is necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

3. Meal Expenses

Local 25 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$337. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 25 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, there was a charge at McColley's Restaurant for \$154.76 which was not accompanied with an itemized receipt. 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.

4. Receipt Dates not Recorded

Entries in Local 25's QuickBooks ledger 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. Failure to Record Receipts

Local 25 did not record in its receipts records some subsidiary wage payments totaling at least \$114,760. For example, wages received totaling \$44,049.39 dated August 15, 2022, from Friends of the Finger Lakes were not recorded. 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.

6. Disposition of Property

Local 25 did not maintain an inventory of shirts and other property it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. The union must record in at least one record the date and amount received from each sale of union shirts and other items.

In addition, in the case of items given away to members, the union must retain records that identify the date the items were given away and the recipients of those items.

Based on your assurance that Local 25 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 25 for the fiscal year ended December 31, 2022, was deficient in the following areas:

1. Subsidiary Corporation

Item 10 [LM-3] (During the reporting period did your organization have a "subsidiary organization" as defined in Section X of the instructions?) was incorrectly answered, "No." As stated in the LM Instructions, a labor organization is required to report financial information for each of its subsidiary organizations using one of the following methods:

Method (1) — Consolidate the financial information for the subsidiary organization(s) and the labor organization on a single Form LM Report.

Method (2) — File, with the labor organization's Form LM-3, the regular annual report of the financial condition and operations of the subsidiary organization, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles. Financial

information reported separately for subsidiary organizations under this method must include the name of the subsidiary organization and the name and file number of the labor organization as shown on its Form LM-3. The financial report of the subsidiary organization must cover the same reporting period as that used by the reporting labor organization.

The local failed to report the assets of the subsidiary, including receipts of at least \$1,209,802 and disbursements of at least \$1,173,096 based on one of the two methods noted above. If you choose Method (1) as noted above, a Form LM-2 would be required.

2. Administration of a Trust

Item 11 [LM-3] (During the reporting period did your organization create or participate in the administration of a trust or other fund or organization which provides benefits for members or their beneficiaries) was incorrectly answered, “No.” Local 25 had its own pension fund during 2022. As stated in the LM-3 Instructions, Item 56 (Additional Information) should include the name, address, and purpose of each trust. If a report has been filed for the trust or other fund under the Employee Retirement Income Security Act of 1974 (ERISA), report in Item 56 the ERISA file number (Employer Identification Number — EIN) and plan number, if any.

3. Acquire/Dispose of Property

Item 13 [LM-3] (During the reporting period did your organization acquire or dispose of any goods or property in any manner other than purchase or sale?) was incorrectly answered, “No.” Local 25 gave away gift cards and shirts during 2022. As stated in the LM-3 Instructions, Item 56 (Additional Information) should include the manner in which your organization acquired or disposed of assets, such as donating office furniture or equipment to charitable organizations, trading in assets, writing off a receivable, or giving away other tangible or intangible property of the labor organization. Include the type of asset, its value, and the identity of the recipient or donor, if any. Also report in Item 56 the cost or other basis at which any acquired assets were entered on your organization’s books or the cost or other basis at which any assets disposed of were carried on your organization’s books.

4. Loans Greater Than \$250

Item 18 [LM-3] (During the reporting period did your organization have loans totaling more than \$250 to any officer, employee, or member, or make any loans to a business enterprise?) was incorrectly answered, “No.” Local 25 provided loans to members totaling \$300 during 2022. As stated in the LM-3 Instructions, Item 56 (Additional Information) should include the name of each individual, the amount each individual owed at the end of the reporting period, and the amount loaned to each individual during the reporting period. Also report in Item 56 the purpose, terms for repayment, and any security for each such loan.

5. Fidelity Bond Coverage

Item 20 [LM-3] (What is the maximum amount recoverable under your organization's fidelity bond for a loss caused by any officer or employee of your organization?) was incorrectly answered, "\$100,000." The correct amount of Local 25's fidelity bond was \$500,000. As stated in the LM-3 Instructions, enter the maximum amount recoverable for a loss caused by any officer, employee, or agent of your organization who handled your organization's funds.

I am not requiring that Local 25 file an amended LM report for 2022 to correct the deficient items, however these items should be corrected on all future reports. Since your local has already filed an LM-2 for 2023, which contain the same errors addressed above, Local 25 must file an amended Form LM-2 for the fiscal year ended December 31, 2023, to correct the deficient items. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-2 for 2023 must be filed no later than May 31, 2024. Before filing, review the report thoroughly to be sure it is complete and accurate.

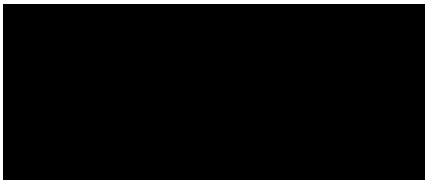
Other Issue

Dual Signature

During the audit, it was found you and Minch Payroll Services Administrator Thomas Mason did not always obtain dual signatures on 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, having only one signature does not attest to the authenticity of a completed check, and negates the purpose of the two-signature requirement. OLMS recommends that Local 25 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to IATSE Local 25 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 large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Rick Fuller, President
Mr. Gary Zaccaria, Minch Administrator