

EXECUTIVE SUMMARY

Members of the United Screen Artists Committee (USAC) sent a letter to SAG-AFTRA dated April 20, 2017 making certain claims regarding financial mismanagement. The USAC letter made specific allegations regarding inadequate financial safeguards; improper and unauthorized travel and business expenses paid to certain members of SAG-AFTRA's staff; improper real estate transactions and inadequate reporting of the transactions; improprieties regarding the processing of residuals and foreign royalties, including an electronic deposit agreement with Exactals; and other issues regarding the misuse of members' dues monies.

After a comprehensive review of thousands of pages of documents and electronic records, as well as staff interviews, we have concluded that the financial safeguards in place are equal to or better than those of other labor organizations. The safeguards in place are appropriate and are being scrupulously followed. Neither SAG-AFTRA nor the individuals mentioned in the letter engaged in any wrongdoing or financial improprieties as alleged in the USAC letter. As detailed in our report, all expense reimbursements for travel and business expenses were for Union-related travel and were consistent with the Union's Travel and Expense Policy. The amounts paid were appropriately substantiated.

With respect to the real estate transactions cited in the USAC letter, SAG-AFTRA acquired the Nashville building, which houses the Nashville Local, for \$10. It assumed a related mortgage obligation, which it would have assumed at merger, which was substantially less than the value of the property. The National Board was fully apprised of all aspects of this transaction, and approved a plan for how to proceed. We find that the handling of this transaction was completely reasonable and the transaction was reported in Department of Labor filings. There is no factual basis for USAC's claim that SAG-AFTRA funds were used to purchase a building belonging to the AFM-AFTRA (and subsequently SAG-AFTRA) Intellectual Distribution Property Fund.

We reviewed the distribution of foreign royalties and found them to be in accordance with the Foreign Video Levy Agreement, which was presented to and approved by the National Board. We found no evidence that the agreement with Exactals for the ACH payment of residuals presented any conflicts of interests on the part of SAG-AFTRA staff, nor was SAG-AFTRA money used to fund the creation of Exactals. Additionally, SAG-AFTRA insurance policies adequately protect members' residual monies.

Finally, SAG-AFTRA made charitable contributions in accordance with applicable documents, in the best interests of its members and not for the personal benefit of any staff. Its participation on the Board of the Creative America Campaign was presented to the National Board, and no governmental reporting was required. USAC's additional assertions about the misuse of members' monies were both false and unsubstantiated.