



October 13, 2022

Mr. Brian Thomas, Business Agent
Stage & Picture Operators Local 12
566 East Rich Street
Columbus, OH 43215-4335

Case Number: 350-6022796 [REDACTED]
LM Number: 051-581

Dear Mr. Thomas:

This office has recently completed an audit of Stage & Picture Operators Local 12 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, President Michael Dooley, and Secretary-Treasurer Jimmy Sizemore on September 29, 2022, 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 12's 2020 records revealed the following recordkeeping violations:

1. Credit Card Expense Documentation

Local 12 did not retain adequate documentation for credit card expenses incurred by Business Agent Brian Thomas, President Michael Dooley, and Treasurer Jimmy Sizemore

totaling at least \$755.18. For example, receipt documentation was not available for charges at Staples, Cpanel, Inc., One World Hosting, Harbor Freight, Apple.com, and Walmart.

As noted above, 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. Meal Expenses

Local 12's 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, meal receipts from Hornet's Nest and Dempsey's Food and Spirits did not include the names of attendees or the union business purpose. 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.

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.

Based on your assurance that Local 12 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 12 for the fiscal year ended December 31, 2020, was deficient in the following areas:

1. Disbursements to Officers Less Deductions

Local 12 failed to properly record payroll tax deductions in Item 24 – All Officers and Disbursements to Officers “less deductions.” The Form LM-3 instructions for Item 24 state the total amount of withheld taxes, payroll deductions, and other deductions should be recorded on Line 10 “less deductions” of Item 24. Disbursements for the transmittal of withheld taxes, payroll deductions, and other deductions must be reported in Item 54 – Other Disbursements.

2. Purchase of Union Fixed Assets

Local 12 failed to correctly report the fixed asset purchase of the sidewalk replacement at the union office totaling \$4,225.00, in Item 52 (Purchase of Investments and Fixed Assets) on the 2020 LM-3 report. Land or building improvement expenses which are included on the local's depreciation schedules should also be reported in Item 29 – Fixed Assets.

Unions must maintain an inventory listing of all assets purchased by the union and record the value of the assets in Item 29 (Fixed Assets). Maintaining an inventory listing of all assets is an effective tool of internal controls and ensures the safeguard of the union's funds and assets.

3. Under Reporting of Total Receipts

It appears Local 12's total receipts reported on the 2020 LM-3 report are under reported by approximately \$12,225.00 when compared to the book to bank reconciliation balance. The audit revealed the local failed to report actual receipts collected in the audit year 2020 by accruing the receipts for deposits in transit and per capita tax credits for members to the LM-2 report in the following year 2021.

Under Statement B of the Instructions for Form LM-3, receipts must be recorded in the year the funds are actually received by the labor organization. In addition, disbursements must be recorded in the year funds are actually paid out by the organization.

I am not requiring that Local 12 file an amended LM report for 2020 to correct the deficient items, but Local 12 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Stage & Picture Operators Local 12 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. Michael Dooley, President
Mr. Jimmy Sizemore, Secretary-Treasurer