



September 29, 2017

Mr. Michael Beckman, President  
Stage and Picture Operators  
1611 S. Broadway  
St. Louis, MO 63014

Case Number: 510-6009931 [REDACTED]  
LM Number: 023975

Dear Mr. Beckman:

This office has recently completed an audit of Stage and Picture Operators 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, Business Manager Joe Rudd, Financial Secretary Norma West, Treasurer Paul Deluca, and Executive Board Chairman [REDACTED] on September 25, 2017, 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 6's 2016 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 6 did not retain adequate documentation for credit card expenses incurred by Business

Manager Joe Rudd totaling at least \$1,178.90. For example, Rudd made 25 charges for auto expenses totaling \$582.49 for which documentation was not retained; twelve payments of \$29.99 (or \$359.88 total) for unlimited car wash monthly fee along with five individual washes totaling \$60.00 and nine gasoline purchases totaling \$162.61. He also made an internet charge on January 10, 2016 for \$118.90 to gotomypc.com, and charges to Google on December 15, 2016 for \$27.49 and on January 7, 2016 for \$2.54. Additionally, there was a charge on March 3, 2016 at Holiday Inn in St. Louis for \$440.28. All of these credit card charges were not properly documented.

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 6 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$766.92. 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 6 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, six meal charges at D's Place totaling \$178.62, ten meals at DB's Sports Bar totaling \$267.39, meals at Lucas Park Grill for \$92.92, Denny's for \$16.09, Hooters for \$31.69, Weber's Front Row for \$25.00, 1860's Saloon for \$32.50, Holiday Inn for \$70.50, Taco Bell for \$29.32, St. Louis BBQ for \$30.10, Frazer's Restaurant for \$34.56, Hardee's for \$16.39, Lombardo's Trattoria for \$241.75, Chavas Restaurant for \$27.82, Fourth Street Pizza for \$30.29, and Hops House for \$50 did not have an itemized receipt, an explanation of the union business conducted, or a listing of the names and titles of the attendees. 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. Union Owned/Leased Vehicles

The union did not maintain records necessary to verify the accuracy of the information reported in Schedule 11 (All Officers and Disbursements to Officers) of the LM-2. Local 6 incurred expenses totaling at least \$6,866.33 for automobiles during 2016. However, Local 6 did not maintain records documenting business versus personal use of the union vehicles.

The LM-2 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of the local's owned or leased vehicles in Schedules 11 of the LM-2, allocated to the officer or employee to whom each vehicle

is assigned. For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

#### 4. Lack of Salary Authorization

Local 6 did not maintain records to verify that the salaries reported in Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) of the LM-2 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.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Local 6's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

### 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-2 / LM-3) filed by Local 6 for the fiscal year ended Month 31, 2016, was deficient in that it did not report Business Manager Joe Rudd's automobile expenses properly on Schedule 11 (All Officers and Disbursements to Officers) of the LM-2.

#### 1. Automobile Expenses

Local 6 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) disbursements for the operation and maintenance of union automobiles totaling at least \$11,1061.66.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedule 11 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

I am not requiring that Local 6 file an amended LM report for 2016 to correct the deficient items, but Local 6 has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

1. Lack of Credit Card Policy

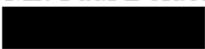
As discussed during the exit interview, the audit revealed that Local 6 does not have a clear policy regarding the types of expenses officers and employees may charge to the credit card, which is paid by local. OLMS recommends that unions adopt a policies and procedures for credit card use and payment, maintain detailed documentation to support each credit card charge and payment, and regularly monitor compliance with the established credit card policies and procedures. Local 6 Business Manager Joe Rudd indicated that a credit card policy will be created and provided to OLMS when completed

I want to extend my personal appreciation to Stage and Picture Operators 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. Joe Rudd, Business Manager  
Ms. Norma West, Financial Secretary  
Mr. Paul Deluca, Treasurer  
 Executive Board Chair