

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
Boston District Office  
JFK Federal Building, E-365  
Boston, MA 02203  
(617) 624-6690 / FAX: (617) 624-6606



May 6, 2005

Frank Campbell, Financial Secretary  
Painters Local 577

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Re: 2

Dear Mr. Campbell:

This office has recently completed an audit of Painters Local 577 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, as Amended (LMRDA). As discussed during the exit interview with you and Carl Hanson on this date, 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.

The CAP disclosed a violation of LMRDA section 201(b), because the Labor Organization Annual Report (Form LM-3) filed by Local 577 for fiscal year ending June 30, 2003 was deficient in the following areas:

1. Union failed to report all salary payments made to officers. All officer salaries, delegate salaries, and lost-time payments must be reported next to the appropriate officers' name in Item 24, Column D (Gross Salary). Monthly allowances, such as the financial secretary's phone and stamp allowance, must be reported in Item 24, Column E (Allowances and Other Disbursements).

Additionally, all direct disbursements to your union's officers and some indirect disbursements made by your organization on behalf of its officers must be included in the amounts reported in Item 24, Column E. A "direct disbursement" to an officer is a payment made by your organization to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment made by your organization to another party for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expenses).

2. The majority of disbursements were reported in Item 48 (Office and Administrative Expenses). Disbursements must be categorized based on the nature of the expense. Miscellaneous payments, such as those related to the union Christmas party should be reported in Item 55 (Other Disbursements). Donations should be reported in Item 51 (Contributions, Gifts, and Grants). Any disbursements made for the local's ordinary office and administrative expenses, such as postage, office supplies, or fidelity bond premiums, should be reported in Item 48 (Office and Administrative Expenses).

It will be necessary for Local 577 to file amended LM-3 reports for fiscal years ending 6/30/03 and 6/30/04 to correct the deficient items discussed above. One copy of each amended report should be submitted to this office at the above address as soon as possible, but no later than May 20, 2005. Before mailing, review the reports thoroughly to be sure they are complete, accurate, and signed properly with original signatures.

I strongly recommend that you make sure that this letter and the compliance assistance materials that were provided to you are passed on to your successor at whatever time you may leave office.

I want to extend my personal appreciation for your cooperation and courtesy during this compliance audit. If I can be of any assistance in the future, please do not hesitate to call.

Sincerely,

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Investigator