

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Los Angeles District Office
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September 26, 2008

Mr. Larry Hines, Financial Secretary
Painters Local 95
8658 Cleto Street
Downey, CA 90241

LM File Number: 041-771
Case Number: [REDACTED]

Dear Mr. Hines:

This office has recently completed an audit of Painters Local 95 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 Recording Secretary Scott Denamur on September 25, 2008, 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 audit disclosed the following:

Recordingkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least five years for each receipt and disbursement of funds, so that all account balances and transactions, can be verified, explained, and clarified. As a general rule, all union financial records must be retained for a minimum of five years.

For disbursements, this includes not only the retention of original bills, invoices, receipts, and vouchers, but also additional documentation, if necessary, 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 note can be written on it providing the additional information. In the case of receipts, the date,

amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 95's Fiscal Year 2008 records revealed the following recordkeeping violation:

Local 95 did not maintain adequate documentation for a few disbursements. For example, there was one payment issued to the local's accountant that did not have a corresponding invoice. There were also reimbursed payments for flower purchases, but no invoice or receipt was maintained.

Based on your assurance that Local 95 will retain adequate documentation in the future OLMS will take no further enforcement action at this time regarding the above violations.

Inadequate Bonding

The audit also revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Local 95's officers and employees were bonded for \$75,000, but they should have been bonded for at least \$81,000. On September 5, 2008, Local 95 faxed to OLMS a copy of a bonding certificate of coverage which shows that Local 95's bond amount was increased to \$85,000. Therefore, OLMS is not pursuing this violation further.

I want to extend my personal appreciation to you and your staff at Painters Local 95 for the cooperation and courtesy you 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. Scott Denamur