

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
1222 Spruce Street
Room 9 109E
St. Louis, MO 63103
(314)539-2667 Fax: (314)539-2626



March 5, 2008

Mr. Mark Webb, President
Painters AFL-CIO
Local 558
9902 West 62nd Street
Raytown, MO 64133

LM File Number 029-705
Case Number: [REDACTED]

Dear Mr. Webb:

This office has recently completed an audit of Painters Local 558 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 Financial Secretary Doug Montgomery and Business Agent Dave McCabe on March 3, 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.

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 558's 2007 records revealed the following recordkeeping violations:

1. Lost Wages

Local 558 did not retain adequate documentation for lost wage reimbursement payments to President Mark Webb and Trustee Fred Williams totaling at least \$426.85. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. The OLMS audit found that Local 558 did not identify on the lost wage vouchers the pay rate and location of the union business.

2. Disposition of Property

The union must report the value of any union property (including t-shirts) on hand at the beginning and end of each year in Item 30 (Other Assets) of the LM-3. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 30. Local 558 did not maintain an inventory of t-shirts sold to members and did not maintain all duplicate receipts from t-shirt purchases. Some receipts that were not recorded showed up on deposit slips and bank statements. The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

3. Information not Recorded in Meeting Minutes

Article XXI of the local's bylaws requires all money disbursed out of the general fund, with the exception of monies owed the general office, the District Council,

and approved fixed expenses, be authorized by the membership. However, the minutes of the September 2007 meeting does not contain any reference to those issues even though there was a check written for picnic expenses totaling \$230.48 on September 4, 2007. Minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

Based on your assurance that Local 558 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

I want to extend my personal appreciation to Painters Local 558 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: Doug Montgomery, Financial Secretary