



April 25, 2011

Mr. Justin De Martra, Treasurer
Painters AFL-CIO LU 2345
2333 N. Lake Ave
Unit G
Altadena, CA 91001-2463

Case Number: [REDACTED]
LM Number: 029833

Dear Mr. De Martra:

This office has recently completed an audit of Painters AFL-CIO LU 2345 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 Bookkeeper Suzie Acoba on April 21, 2011, 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.

Reporting Violation

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 filed by Local 2345 for fiscal year ending June 30, 2010, was deficient in the following area:

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 2345 amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year.

Local 2345 have now filed a copy of its constitution and bylaws.

Other Issues

The audit disclosed the following other issues:

Use of Signature Stamp

During the audit, Bookkeeper Suzie Acoba advised that it is Local 2345's practice for Treasurer Justin De Martra, or Recording Secretary Belinda Christian to sign all union checks and to stamp the signature of President Terri Dunn on union checks. Bookkeeper Suzie Acoba indicated that no one but Business Representative Anna Hanson reviews the checks before they are issued. Article VI of Local 2345's bylaws requires that checks be signed by the president, recording secretary, and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 2345 review these procedures to improve internal control of union funds.

Signing Blank Checks

During the audit, you advised that Treasurer Justin De Marta and Recording Secretary Belinda Christian sign blank checks. Your union's bylaws require that all checks be signed by the president, recording secretary and treasurer. The two signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 2345 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Painters AFL-CIO LU 2345 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: Terri Dunn, President