

U.S. Department of Labor

Office of Labor-Management Standards
New York District Office
201 Varick Street
Room 878
New York, NY 10014
(646)264-3190 Fax: (646)264-3191



February 14, 2012

Mr. Nestor Santos, Treasurer
Painters (IUPAT) AFL-CIO
Local 113

Case Number: [REDACTED]
LM Number: 064857



Dear Mr. Santos :

This office has recently completed an audit of Local 113 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 District Council 9 Representative, Rick Bloomer, on February 8, 2012, 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.

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 113's 2011 records revealed the following recordkeeping violations:

1. Supporting Documentation

The union maintained a checking account, a savings account and a certificate of deposit (CD). The audit disclosed that Local 113 failed to retain adequate documentation for the CD and savings account. Although bank statements were retained, the union should also record any transactions in its own records.

Based on your assurance that Local 113 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above 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-3) filed by Local 113 for the fiscal year ended June 30, 2011, was deficient with regard to Items 20, 22 and 23:

1. During the organizational interview, you stated that the union is bonded in the amount of \$22,500. Item 20 indicated that the union was only bonded in the amount of \$1,000. You also stated that the next regularly scheduled election of officers in July 2013. Item 22 indicated that the election was scheduled for July 2011. Further, you stated that District Council 9 collects \$500 from every Local 113 member and remits \$210 to the local, which constitutes members' dues. Item 23 indicated that Local 113 collected \$600 per member.

Local 113 must file an amended Form LM-3 for the fiscal year ended June 30, 2011, to correct the deficient items discussed above. I advised you that the reporting forms and instructions are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than February 29, 2012. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its constitution and bylaws with its LM report.

Local 113 has now filed a copy of its constitution and bylaws.

Other Violations

The audit disclosed the following other violation(s):

1. Inadequate Bonding

The audit 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 those individuals or their predecessors handled during the preceding fiscal year.

Local 113's officers and employees are currently bonded for \$22,500, but they must be bonded for at least \$27,500. Local 113 should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than February 29, 2012.

I want to extend my personal appreciation to you and Mr. Bloomer 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