

**U.S. Department of Labor**

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April 14, 2009

Mr. David Winkler, Business Representative  
Painters AFL-CIO  
Local 1236  
11105 Northeast Sandy Boulevard  
Portland, Oregon 97220

LM File Number 041-602  
Case Number: [REDACTED]

Dear Mr. Winkler:

This office has recently completed an audit of Painters Local 1236 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, Steve Luttrell, and Kathy Blay on February 13, 2009, 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 Violation

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 1236's 2008 records revealed the following recordkeeping violation:

#### Credit Card Expenses

Local 1236 did not retain adequate documentation for credit card expenses incurred by union officers and employees. For example, receipts for at least 28 percent of the union's credit card purchases were not retained.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 1236 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

#### 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 1236 for fiscal year ending June 30, 2008, was deficient in that:

#### Certificates of Deposit Reported As Investments

Local 1236 improperly included the value of certificates of deposit as investments in Statement A (Assets and Liabilities). For LM reporting purposes, OLMS considers a

Mr. David Winkler  
April 14, 2009  
Page 3 of 4

certificate of deposit to be cash. The purchase or redemption of a certificate of deposit is a transfer of cash from one account to another and, therefore, the local should not report these transactions as receipts or disbursements.

I am not requiring that Local 1236 file an amended LM report for 2008 to correct the deficient item, but Local 1236 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to Painters Local 1236 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: Steve Luttrell, Local 1236 Financial Secretary