

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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April 30, 2009

Mr. Michael Mahoney, President
Painters Local 1280
17 High Street
Topsfield, MA 01983

LM File Number: 057-150

Case Number: [REDACTED]

Dear Mr. Mahoney:

This office has recently completed an audit of Painters Local 1280 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 on April 29, 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 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 Painters Local 1280's 2007 records revealed the following recordkeeping violations:

Expenses

Local 1280 did not have receipts for the \$270 paid to the Moose Lodge to rent the hall in 2007 for membership meetings and did not have a receipt for the \$378.25 paid to the Moose Lodge for a bar tab for the 2007 Christmas party. The local did not retain an invoice/receipt for \$300 paid to an accountant to prepare the annual LM report.

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 1280 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

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 LM-3 filed by Local 1280 for fiscal year ending December 31, 2007, was deficient in the following areas:

1. Disbursements To Officers

Local 1280 did not include some reimbursements to officers totaling at least \$938 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense) or Item 54 (Other).

The union must report most direct disbursements to Local 1280 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Cash Receipts

Local 1280 failed to report the approximately \$200 kept in petty cash in Item 25 A (Cash-Start of Reporting Period).

3. Cash Disbursements

Local 1280 did not report a \$300 disbursement to an accountant in Item 49 (Professional Fees). The disbursement appears to have been erroneously reported in Item 48 (Office & Administrative Expense).

4. Acquire/Dispose of Property

Item 13 (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave away T-Shirts totaling \$990 to the membership at Christmas. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The

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union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition the union must report the cost, book value, and trade-in allowance for assets traded in.

I am not requiring that Local 1280 file an amended report for 2007 to correct the deficient items, but Local 1280 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Painters Local 1280 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,

Mark Letizi
District Director

cc: Mr. Eric Redding, Treasurer
Mr. Robert Nolan, Financial Secretary