



June 7, 2010

Mr. Carlos Torres, Financial Secretary  
Painters AFL-CIO LU 1595  
2333 N. Lake Ave  
Unit E  
Altadena, CA 91001-2463

Case Number: [REDACTED]  
LM Number: 029833

Dear Mr. Torres:

This office has recently completed an audit of Painters AFL-CIO LU 1595 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 Diana Weimer on June 04, 2010, 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 1595 for fiscal year ending December 31, 2009, 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 1595 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 1595 have now filed a copy of its constitution and bylaws.

#### Other Violation

The audit disclosed the following other violation:

### Use of Signature Stamp

During the audit, Bookkeeper Diana Weimer advised that it is Local 1595's practice for Michael Bauer, Istvan Kokas and /or Neil McSkeane to sign all union checks and to sometime stamp the signature of Treasurer Istvan Kokas as the secondary signatory on union checks. Bookkeeper Diana Weimer indicated that the Executive Board reviews the checks before they are issued. Sections 157, 162, and 171 of Local 1595's bylaws require that checks be signed by the president, recording secretary, and/or 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 1595 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Painters AFL-CIO LU 1595 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: Mr. Neil McSkeane, President