



March 30, 2020

Mr. Omar Robinson, President
International Union of Painter's and
Allied Trades AFL-CIO
Local 19
45 West 14th Street
New York, NY 10011

Case Number: 130-6016725
LM Number: 513000

Dear Mr. Robinson:

This office has recently completed an audit of The International Union of Painter's and Allied Trades AFL-CIO Local 19 (Local 19) 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, along with OLMS Investigator [REDACTED], Treasurer Samuel Broomes, Union Attorneys [REDACTED] and [REDACTED] on March 25, 2020, the following violations 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 Local 19's records revealed the following recordkeeping violations:

1) Failure to Record Receipts and Disbursements

Local 19 did not record in a journal, ledger, or some other union record, receipts from additional funds received except for member's dues, and minimal records were kept for any union disbursements made during the audit period. These receipts and disbursements records had to be requested by the union through TD Bank, which is where its sole bank account is located.

Union receipt records must include an adequate identification of all money the union received. The records should show the date and amount received, and the source of funds. Similarly, a disbursement record must include an adequate identification of all money disbursed on behalf of the local. The disbursement records should show the date, payee, amount, and purpose of the disbursement. For example, in receipts, a check from Painting Industry Insurance Fund was received on June 18, 2018, in the amount of \$113,178 per bank records, but no independent union receipts or records were maintained for this payment. An example found in disbursements was that all per capita tax payments were paid directly to the international union every month after receiving an invoice. However, no independent records were kept by Local 19 after the payments were disbursed.

2) Failure to Maintain Vacation Fund Records

Local 19 was not in possession of the fiscal year ended June 30, 2018 employer vacation fund deduction list to identify which employers are contributing to members' vacation funds. After obtaining this information from District Council No. 9 (DC9), Local 19 provided this information to OLMS on January 17, 2020. In the future, the union needs to maintain records to confirm that DC9 is paying all funds from all contributing employers to Local 19 for the benefit of its members.

Per Local 19's records, the expected amount of vacation fund deduction dues was \$102,960, an amount lower than the amount paid by DC9 to that effect, which totaled \$113,178. Again, after OLMS requested an explanation for this discrepancy, DC9 had to provide Local 19 with a report for various transferred or canceled members, which accounted for \$9,750 of the difference in the amount received, still with a difference of \$468 from the expected vacation fund dues amount. These records should be maintained in detail to avoid such inconsistencies and dependence upon DC9 for Local 19's recordkeeping.

Based on your assurance that Local 19 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 (Form LM-3) filed by Local 19 for the fiscal year ended June 30, 2018, was deficient in the following areas:

1) Disbursements to Officers

Local 19 did not include payments to officers totaling at least \$245 in the amounts reported Item 24 (All Officers and Disbursements to Officers). At the same time, Local 19 over and under reported disbursements to officers in an amount of at least \$197.87 in Item 24. For example, per bank records, Trustee Abraham Solomon received \$145 as compensation, yet the amount that was reported in the LM-3 Report was only \$120. Also, per bank records, Council Delegate Tony Townsend received \$125 as compensation, yet the amount reported in the LM-3 Report was \$180, which means the officer's compensation was over-reported by at least \$55.

Moreover, no quantities were reported in Item 52 (Purchase of Investments and Fixed Assets) in Local 19's LM-3 Report during the audit period. Yet, per bank records, there were checks paid to officers as reimbursement for purchases of fixed assets, including office material, in an amount of at least \$1,419.27. A portion of these funds was also erroneously reported in Item 24 as part of disbursements to officers instead of being reported as purchases of fixed assets in Item 56 (Additional Information Summary).

For example, Check [REDACTED], dated 12/072017, in the amount of \$1,000, was paid to President Robinson to reimburse him for the Christmas gifts he bought for members for Local 19's Christmas party. Even though receipts were provided to justify that particular transaction, the union should have reported this payment in Item 52 and explained it in detail in Item 56.

At least 26 checks directed to officers with amounts that coincide with Local 19's Bylaws, Art. IX, in regards to officers' meeting assistance compensation, were paid without including a memorandum in the checks, that specified the reason for such disbursements. These checks totaled an amount of at least \$1,805. Local 19 must keep clear records that detail the purpose of each payment directed to any union officer.

The union must report direct disbursements to Local 19 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).

To correct the deficient items discussed above, Local 19 must file an amended Form LM-3 for the fiscal year ended June 30, 2018. The report must be submitted electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than May 15, 2020. Before filing, review the report thoroughly to be sure it is complete and accurate.

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 revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 19 amended its bylaws in 2015 but did not file copies with its LM report for that year. Local 19 has now filed a copy of its 2015 bylaws.

I want to extend my appreciation to Local 19 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 forwarded to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

A black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Samuel Broomes, Treasurer