

U.S. Department of Labor

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September 11, 2009

Mr. Daniel Goodwin, Secretary/Treasurer
Painters AFL-CIO
Local 194
3015 N. Austin Ave.
Chicago, Illinois 60634

LM File Number 035-405
Case Number: [REDACTED]

Dear Mr. Goodwin:

This office has recently completed an audit of Painters Local 194 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 Daniel Goodwin, Ron Haftl and John Toomey, Esq. on September 4, 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.

The CAP disclosed the following violations:

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 194's 2008 records revealed the following recordkeeping violations:

1. Credit Card Expenses

Local 194 did not retain adequate documentation for credit card expenses incurred by Secretary Treasurer Daniel Goodwin and Business Manager Ron Haftl totaling at least \$24,884.33. For example, the Local only retained receipts for four of the charges, representing Christmas party expenses totaling \$2,997.58 of the total credit card charges reviewed for the audit year ending June 30, 2008.

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.

2. Meal Expenses

Local 194 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$495.00. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

For example, credit card statements reveal charges for meal expenses in mid April 2008, yet receipts were not retained. Each of the four Local 194 officers attending the Building and Trades Conference in Washington D.C. during that time frame received a per diem travel advance for meal allowances in addition to the charges revealed on the May 2008 credit card statement. Union records of meal expenses

must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Local 194 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-2 filed by Local 194 for fiscal year ending June 30, 2008, was deficient in the following areas:

1. Disbursements to Officers and Employees

Local 194 did not include payments to officers totaling at least \$2,500.00 in Schedule 11 (All Officers and Disbursements to Officers). It appears that the local did not report salary payments to Ron Haftl paid in July 2008.

In Schedule 11 and Schedule 12 of the LM-2 report, Local 194 grouped together amounts disbursed to officers and employees in Column D which should have been reported in Columns E thru G.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

Local 194 must file an amended Form LM-2 for fiscal year ending June 30, 2008, to correct the deficient items discussed above. The filing procedures and the availability of filing software can be found on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than October 15, 2009. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

I want to extend my personal appreciation to Painters Local 194 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: John Toomey, Esq.
Ron Haftl, Business Manager