



March 10, 2017

Mr. Miguel Zambrano, Treasurer
Painters Local 191
6516 W 102nd Place
Chicago Ridge, IL 60415

Case Number: 310-6005743 [REDACTED]
LM Number: 031363

Dear Mr. Zambrano:

This office has recently completed an audit of Painters Local 191 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 February 3, 2016, 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 191's 2014 records revealed the following recordkeeping violation:

General Reimbursed and Credit Card Expenses

Local 191 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Local 191 employee [REDACTED] totaling at least \$1,292.94. For example, invoices and receipts were not maintained for the purchase of a computer totaling \$731.85. In addition, invoices and receipts were not maintained for gifts that were given away at the union's 2014 Christmas party totaling \$561.09.

As 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 191 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 LM-3 filed by Local 191 for the fiscal year ended December 31, 2015, was deficient in that Local 191 amended its constitution and bylaws in 2015, but did not file a copy with its LM report for that year in violation of LMRDA Section 201(a). In accordance with Section 201(a), unions must submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution and bylaws.

Local 191 has now filed a copy of its constitution and bylaws.

Other Issue

Duplicate Receipts

Members of Local 191 pay dues directly to the union. Financial Secretary Michael LaFrey records dues payments in the union's receipts journal, but it does not appear that receipts were issued to dues payers. OLMS recommends that Local 191 use a duplicate receipt system where the union issues original pre-numbered receipts to all members who make payments directly to the union and retains copies of those receipts. A duplicate receipt system is an effective internal control because it ensures that a record is created of income which is not otherwise easily verifiable. If more than one duplicate receipt book is in use, the union should maintain a log to identify each book, the series of receipt numbers in each book, and to whom each book is assigned.

I want to extend my personal appreciation to Painters Local 191 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. John Oswald, Local 191 President
Mr. Hugh Arnold, Legal Counsel