

U.S. Department of Labor

Office of Labor-Management Standards
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June 28, 2010

Mr. Carlos Nieves, President
Painters, AFL-CIO
Local 18
45 West 14th Street
New York, NY 10011-7419

Case Number: [REDACTED]

Dear Mr. Nieves:

This office has recently completed an audit of Painters, Local 18, under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act (LMRDA). As discussed during the exit interview with Secretary-Treasurer, Dan Cahill, on June 23, 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 Violations

Deficient Annual Report

The CAP 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 your union for the fiscal year ending June 30, 2009, was deficient where LM reporting items were not completed with either a number or a zero. The union voluntarily agreed to file an amended LM-3 report to correct the omissions.

Record Keeping Violation

Failure to Maintain Records

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. The union failed to maintain various vendor invoices substantiating expenditures. This is a violation of Section 206 of the LMRDA (Retention of Records). Section 206 requires, among other things, that adequate records be maintained for at least 5 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, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, 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.

During the exit interview, Mr. Cahill stated that the union would keep all of the invoices in the future. As agreed, if Local 18 maintains adequate documentation as discussed above, no additional enforcement action will be taken regarding these violations.

Other Violations

The audit disclosed the following other violation(s):

Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. The union voluntarily agreed to secure and maintain the correct coverage. As a result, OLMS will take no further enforcement action regarding this issue.

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I want to extend my personal appreciation to Local 18 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 are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: D. Cahill, Secretary-Treasurer
B. Heller, Independent Accountant