

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
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March 24, 2008

Mr. David Whyte, Treasurer
Painters & Allied Trades
Local 963
4700 Boston Way
Lanham, MD 20706

LM File Number #025-505
Case Number: [REDACTED]

Dear Mr. Whyte:

This office has recently completed an audit of Painters Local 963 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 Business Representative Mark Heffron and you on March 4, 2008, 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 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 963's 2006 records revealed the following recordkeeping violations:

1. General Reimbursed Expenses

Local 963 did not retain adequate documentation for reimbursed expenses incurred by almost all union officers, including Business Representative Heffron, President Stephen Ray, Financial Secretary Michael Mercilliot and you. Receipts must be maintained for all reimbursed expenses.

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. General Expenses

Local 963 did not retain adequate documentation for some union expenses and the union records did not always include sufficient explanations of the purpose of some other expenses. For example, there was nothing in the union's records to describe the purpose of dues reimbursements to members and checks for death benefits.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers, as well as information in the union's records describing the purpose of the disbursement if it is not sufficiently described on the receipts, bill or voucher, 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.

3. Failure to Retain Records

Local 963 did not retain all deposit slips and monthly bills lists. Labor organizations must retain all original documentation, including deposit slips and records created by the union, for all receipts and 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.

4. Lack of Salary Authorization

The audit revealed that, from July through the end of 2006, the Local 963 financial secretary was paid a salary in excess of the amount listed in the union's bylaws. The union officers advised that the financial secretary's salary was increased from \$275 per month to \$600 plus taxes and social security payments per month at a special membership meeting to amend the bylaws. However, the union's bylaws have not been updated to reflect this change. In addition, the union does not have minutes of the special membership meeting where this change occurred. The union must keep minutes of all membership or executive board meetings that report any salary authorizations made at those meetings.

Based on your assurance that Local 963 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issues

1. Expense Policy

As I discussed during the exit interview with Mr. Heffron and you, the audit revealed that Local 963 does not have a clear policy regarding the types of expenses personnel may claim for reimbursement. OLMS recommends that unions adopt written guidelines concerning such matters.

2. Improper Salaries to Officers

The audit revealed that Local 963 paid several union officers a monthly salary that was in excess of the salary amount provided in the union's bylaws. This was the result of the union paying these officers the amount stated in the bylaws and also paying the officers' portion of social security and Medicare. The union was provided a list of the officers that were overpaid and the amount that they were

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overpaid. The union should provide OLMS with proof of repayment by these officers no later than April 15, 2008.

I want to extend my personal appreciation to Painters Local 963 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: Mark Heffron, Business Representative