

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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August 21, 2006

Mr. David Pohl, Financial Secretary
Painters Local 115
PO Box 276
Dittmer, MO 63023

Re: Case Number: XXXXXXXXXX

Dear Mr. Pohl:

This office has recently completed an audit of Painters Local 115 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 August 11, 2006, 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 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 115 for fiscal year ending June 30, 2005, was deficient in the following areas.

- Payments to Officers - Local 115 failed to include some reimbursements to officers in Item 24. These reimbursements included a total of \$194.68 paid to Financial Secretary David Pohl for purchase of supplies and postage. All direct disbursements to officers, and some indirect disbursements made on behalf of officers, must be reported in Item 24.
- Certificates of Deposit Reported As Investments - Local 115 improperly reported certificates of deposit as investments. For LM reporting purposes, a certificate of deposit is considered cash (regardless of the term length). The purchase or redemption of a certificate of deposit is a transfer of cash from one account to the other and, therefore, should not be reported as a receipt or disbursement.


I am not requiring that Local 115 file an amended LM report for 2005 to correct the deficient items, but as agreed, Local 115 will properly report the deficient items on all future reports filed with this agency.

Additionally, the audit disclosed these additional issues:

- Countersignature (Signing Blank Checks) - During the audit, you advised that President Keith Powell signs blank checks in advance. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature requirement. I recommend that Local 115 review these procedures to improve internal control of union funds.
- Death Benefit Disbursements - A suggestion was provided to you that it would be beneficial if disbursements to members' families for death benefits be better identified in detail (amount, date, member's name, etc.) in the meeting minutes to match the disbursement checks recorded in the disbursement ledger.

I want to extend my personal appreciation 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