



August 12, 2009

Mr. Dan Angel
Business Representative
Painters Local 718
555 De Haro Street, Suite 280 A
San Francisco, CA 94107

LM File Number: 039-179
Case Number: [REDACTED]

Dear Mr. Angel:

This office has recently completed an audit of Painters Local 718 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, Financial Secretary Leland Wong and Office Manager Jessica Cochrane on August 12, 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.

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 718 for fiscal year ending December 31, 2008, was deficient in the following area:

Dues Remitted to Intermediate Body

Check off dues remitted directly by the third party administrator to Painters District Council 16 were reported on Local 718's LM-2 form, although none of those funds were handled by Local 718. The purpose of Statement B is to report the flow of cash in and out of the labor organization during the reporting period. Reporting dues sent directly to the District Council on the local's LM-2 caused both receipts and disbursements to be over stated by approximately \$500,000 on Statement B.

I am not requiring that Local 718 file an amended LM-2 report for 2008 to correct

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the deficient item, but Local 718 has agreed to properly report the deficient item on all future reports it files with OLMS.

I want to extend my personal appreciation to 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,



Supervisory Investigator

cc: Leland Wong, Financial Secretary