

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
1240 East Ninth Street
Room 831
Cleveland, OH 44199
(216)357-5455 Fax: (216)357-5425



July 17, 2006

Mr. Billy Keel, Business Representative
Painters AFL-CIO
Local 476
291 McClurg Rd.
Youngstown, Ohio 44512-6706

Re: Case Number: XXXXXXXXXX

Dear Mr. Keel:

This office has recently completed an audit of Painters Local 476 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 Billy Keel, Jean Terry on June 16, 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 (Form LM-2) filed by Local 476 for fiscal year ending December 31, 2004, was deficient in that Local 476 failed to report a \$7,500 receipt, and subsequent disbursement, of funds received as a result of a settlement on a claim filed by your organization against Master Painting and Sheeting, one of your union's 60 employers. This settlement was for satisfaction of payments of delinquent fringe benefits owed by Master Painting and Sheeting to their employees who are members of Local 476. This amount must be reported on your union's LM report even though the money was subsequently disbursed directly to the members and/or to the appropriate benefit programs.

The 2004 Form LM-2 reported Mr. Keel as an officer (Business Representative) of Local 476 when, in fact, Mr. Keel is actually employed by Painters District 6 as a Business Representative. He should not be listed on the LM report filed by Local 476. A review of the 2004 LM-2 report filed by District 6 revealed that the District has, indeed,

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reported Mr. Keel as an employee and provided information regarding the compensation Mr. Keel received from District 6 during the 2004 fiscal year.

Local 476 filed a Form LM-2 report for fiscal year ending December 31, 2004. However, because Local 476 had less than \$200,000 in receipts during this fiscal year, the appropriate form to file is Form LM-3. As discussed, for fiscal years beginning on or after July 1, 2004, Form LM-2 must be filed electronically by unions with over \$250,000 in receipts during the period.

Local 476 was asked to file an amended Form LM-3 for fiscal year ending December 31, 2004, to correct the deficient items discussed above. An acceptable amended Form LM-3 correcting these deficiencies was received by this office.

I want to extend my personal appreciation to Painters Local 476 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and any 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: Daniel McLaughlin, President