



December 22, 2011

Mr. Gary Burns, President  
Bldg & Constrn Trades Dept, AFL-CIO  
3030 39th Ave  
Kenosha, WI 53144

Case Number: [REDACTED]  
LM Number: 018920

Dear Mr. Burns:

This office has recently completed an audit of Southeastern Wisconsin Building and Construction Trades Council (Council) 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 Treasurer Dan Doperalski and you on December 7, 2011, 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 the council's 2010 records revealed the following recordkeeping violations:

#### 1. General Reimbursed Expenses

The Council did not retain adequate documentation for reimbursed expenses incurred by former Treasurer [REDACTED] totaling at least \$200. For example, [REDACTED] was

issued check number [REDACTED] dated January 12, 2010 in the amount of \$100 for what check stubs indicate were expenses he incurred for refreshments. However, no receipts or other documentation were found to reflect what refreshments were purchased or the union business which necessitated the purchase of refreshments. Mr. [REDACTED] was also issued check number [REDACTED] dated April 14, 2010 in the amount of \$100 for what the check stub reflects were expenses he incurred for meeting food. As in the first example, no receipts or other documentation were found in union records to adequately document this disbursement to Mr. [REDACTED]

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers), who are required to sign your union's LM report, are responsible for properly maintaining union records.

## 2. Receipt Dates not Recorded

Entries in the Council's receipts journal do not reflect the date money was received. The union's receipts journal included the amount and source of each receipt, but did not reflect the date on which the receipts were received. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that receipts must be recorded when money is actually received, and disbursements must be recorded when money is actually paid out. Failure to record the date money was received could result in reporting some receipts for a different year than the one in which they were received.

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

### 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-3 filed by the Council for the fiscal year ended December 31, 2010, was deficient in the following areas:

#### 1. Disbursements to Officers

The Council did not include reimbursements to officers totaling at least \$637 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). The Council's disbursements journal indicates that officers received payments for expenses totaling \$637. However, no payments were reported in Column E (Allowances and Other Disbursements) of Item 24 for any officer. It appears these payments were erroneously included in the amount reported in Item 48 (Office and Administrative Expense).

Most direct disbursements to Council officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

## 2. Per Capita Tax Receipts Improperly Reported

The Council's receipts records reflect that per capita tax receipts from affiliated local unions totaled \$41,161 during the audit year. However, these receipts were erroneously reported in Item 38 (Dues). The receipts should be reported in Item 39 (Per Capita Tax). Form LM-3 instructions provide that if your organization is an intermediate or parent body, "enter the total per capita tax received in Item 39."

I am not requiring that the Council file an amended LM report for 2010 to correct the deficient items, but the Council has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issues

#### 1. Un-deposited Per Capita Tax Remittances

During the CAP, per capita tax remittances to the Council totaling over \$1,500 from two affiliated unions were found un-deposited in the union records. These checks were dated February 18, 2010 and February 23, 2010, and they were apparently misplaced and were subsequently never deposited. During the exit interview, Treasurer Dan Doperalski stated that he has begun a system to properly record incoming per capita tax receipts to ensure that all affiliates have remitted per capita tax to the Council on a timely basis and that all checks are promptly deposited.

#### 2. Failure to Update Authorized Signatories at Banks

The CAP revealed that Treasurer Doperalski and you were not listed as authorized signers for the Council's bank accounts held at Southport Bank and Chase Bank, and that former officers were still listed as the authorized signers for the accounts. OLMS recommends that in order to maintain proper internal control of union funds, the authorized signatory information be updated promptly at all banks and for all accounts held in the name of the Council whenever there is a change in officers. You stated that you were in the process of contacting the banks to determine the steps necessary to update the list of authorized signers, and you plan to take the steps necessary to accomplish this task as soon as possible.

I want to extend my personal appreciation to the Council 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: Mr. Dan Doperalski, Treasurer  
Mr. Roger Clark, Vice President