



December 13, 2011

Mr. A. Neal Hall, Business Manager  
Colorado Building & Construction Trades Council, AFL-CIO  
7510 West Mississippi, Suite 240  
Lakewood, CO 80226

Case Number: [REDACTED]  
LM Number: 070755

Dear Mr. Hall:

This office has recently completed an audit of the Colorado Building & Construction Trades Council (CBCTC) 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 and Political Director/Office Manager Kandice McKeon on December 8, 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 Colorado Building & Construction Trades Council's (CBCTC) 2011 records revealed the following recordkeeping violations:

1. Disposition of Property

The Council did not maintain an inventory of golf clubs, bags, coolers, binoculars, shade chairs, coffee and airline gift cards, and other property or items it purchased and received and later gave away at a fund raising event. The organization must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

The union must record in at least one record the date and amount received from each sale of union hats, jackets and other items.

2. Failure to Record Receipts

The Council did not record in its receipts records, checks totaling at least \$24,149 received from affiliates for a fund-raising event. For example, receipts from several affiliate labor organizations and individuals were deposited into the CBCTC's holding account but the Council did not record these funds in union receipts records.

Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

3. Receipt Dates not Recorded

Entries in receipts journals reflect the date that the union deposited money, but not the date that money was received. For example, receipts totaling \$32,328 received in August and September 2011 were deposited and recorded in union books as receipts in October 2011, after the union's fiscal year ending date of September 30, 2011. Funds were also deposited from the prior fiscal period after the beginning fiscal period date of October 1, 2010.

Union receipts records must show the date of receipt. 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-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

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

Reporting Violation

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 the Council for the fiscal year ended September 30, 2010, was deficient in the following area:

#### Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires unions to submit a copy of its revised constitution and bylaws with its LM report when changes are made to its constitution or bylaws. The Council amended its constitution and bylaws in 2006, but did not file a copy with its LM-2 report for that year. The latest copy on file was dated 1972.

The Council has now filed a copy of its constitution and bylaws.

#### Other Violation

The audit disclosed the following other violation:

#### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year.

The audit revealed that Council officers and employees are currently bonded for \$75,000, but they must be bonded for at least \$130,000. The Council should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than December 30, 2011.

I want to extend my personal appreciation to the Colorado Building & Construction Trades Council for the cooperation and courtesy extended during this compliance audit. Enclosed are additional publications mentioned during the 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

Enclosures