



September 30, 2022

Mr. Manuel Pinheiro, Chief Executive Officer  
Monterey and Santa Cruz Counties Building and  
Construction Trades Council  
11445 Commercial Parkway  
Castroville, CA 95012

Case Number: 530-6025021( )  
LM Number: 047375

Dear Mr. Pinheiro:

This office has recently completed an audit of Monterey and Santa Cruz Counties Building and Construction Trades 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 CEO Manuel Pinheiro on September 30, 2022, 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 Building Trades Council's 2021 records revealed the following recordkeeping violations:

#### Accurately Documenting Transactions

Some transfers in the union book were marked as checks, credit card payments, and

deposits. Other transactions, such as transfers, deposits, or credit card payments were sometimes numbered the same as previously written checks. Some checks had duplicate check numbers. However, all these transactions were found in union bank statements and were accurate.

Disbursements of \$671.48 and \$672.17 payments to the union's Visa were not found in the union's bank statements. A check for \$1,211.50 was not properly voided in the union's ledger, and a \$1,500 transfer was entered as a deposit in the union ledger. Two \$832.85 payroll transactions were not found in the bank statements. A \$500 voided check was reversed because it was not in the bank statements. The total of these adjustments to the union ledger totaled \$3,137.69. This adjustment balanced the union's receipts and deposits to acceptable OLMS margins. Accurately identifying transactions was addressed in the union's closing interview.

Based on your assurance that the Building Trades Council will accurately document financial transactions 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 Building Trades Council for the fiscal year ended December 31, 2021, was deficient in the following area:

##### Disbursements to Employees

The council failed to report salaries paid to the head of the Training and Education Program and three of its instructors. These salaries totaled \$58,817 and should have been reported as yes in Item 17, the total amount of the salaries should have been entered in Item 46, Cash Disbursements to Employees, and a list of the names and salaries for each employee in Item 56, Additional Information.

Based on your assurance that the Building Trades Council will accurately report employee salaries in the future, OLMS will take no further enforcement action at this time regarding the above violations.

##### Number of Members

The union's 2021 LM-3 report stated that there were 23 members. During the opening interview, the union confirmed that it has approximately 2,993 members.

Other Violation

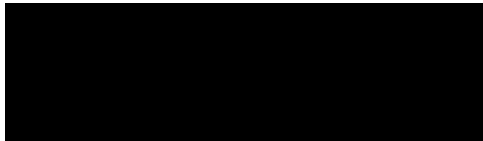
Inadequate Bonding

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 the Building Trades Council officers and employees were not bonded. The council will obtain an adequate bond and provide it to OLMS. As a result, OLMS will take no further enforcement action regarding this issue.

I am not requiring the Building Trades Council to file an amended LM-3 report for 2021 to correct the deficient items, but the Building Trades Council has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Monterey and Santa Cruz Counties Building and Construction Trades 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator