



September 21, 2012

Mr. Anthony Nicholson, President  
Bldg & Constrn Trades Dept AFL-CIO, BCTC, Nashville  
1811 Airline Drive  
Nashville, TN 37210-3811

Case Number: [REDACTED]  
LM Number: 017221

Dear Mr. Nicholson:

This office has recently completed an audit of Bldg & Constrn Trades Dept AFL-CIO, BCTC, Nashville (the Nashville 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 you, Bookkeeper Michelle Chance, and CPA Milton Anderson on September 19, 2012, 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 Nashville Council's 2011 records revealed the following recordkeeping violations:

#### 1. Meal Expenses

The Nashville Council did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$1,117.16. The union must maintain itemized receipts

provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

The Nashville Council records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, meal receipts from Buddy's Restaurant for ham biscuit breakfast meetings did not identify who purchased the meals or the union business conducted. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

2. Failure to Record Receipts

The Nashville Council did not record in its receipts records some per capita checks received from affiliated local unions totaling at least \$1,056.25. For example, three per capita checks identified on the bank deposit slips could not be traced to the per capita receipts spreadsheet. 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 the Nashville Council's receipts spreadsheet reflect the date the union deposited money, but not the date money was received. 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-3. The LM-3 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 Nashville 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 Nashville Council for the fiscal year ended December 31, 2011, was deficient in that:

Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. The Nashville Council amended its constitution and bylaws in 2000, but did not file a copy with its LM report for that year.

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

I am not requiring that the Nashville Council file an amended LM report for 2000 to correct the deficient items, but the Nashville 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 the Nashville 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,

H. Craig Neel  
District Director