



April 29, 2020

Mr. Price Warwick III, Financial Secretary
Fort Worth Building and Construction Trades Council
[REDACTED]

Case Number: 420-6018057 [REDACTED]
LM Number: 035602

Dear Mr. Warwick III:

This office has recently completed an audit of the Fort Worth Building and Construction Trades Council (FW BCTC) 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 on April 28, 2020, 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 Violation

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 FW BCTC's 2019 records revealed the following recordkeeping violation:

Failure to Maintain Cancelled Checks

The FW BCTC failed to maintain a copy of their cancelled checks, but has agreed to start obtaining a copy of these from their bank.

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

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 LM-3 filed by the FW BCTC for the fiscal year ended December 31, 2019, was deficient in the following area:

1. Disbursements to Employees

The FW BCTC did not report the payments made to Bookkeeper [REDACTED] totaling \$800 in Item 45 To Employees. It appears the union erroneously reported these payments in Item 48.

The union must report most direct disbursements to FW BCTC officers and some indirect disbursements made on behalf of its officers in Item 24 and must report most direct disbursements and some indirect disbursements to FW BCTC employees in Item 46. A "direct disbursement" to an officer/employee is a payment made to an officer/employee 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/employee 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. 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 FW BCTC amended its constitution and bylaws at an unknown time with updated rates/amounts, but did not file a copy with its LM report for that year.

The FW BCTC has now filed a copy of its current constitution and bylaws.

I am not requiring that the FW BCTC to file an amended LM report for 2019 to correct the deficient item, but the FW BCTC has agreed to properly report the deficient items on all future reports it files with OLMS.

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 the FW BCTC's officers and employees were not bonded for the minimum amount required for the year of the audit. However, the FW BCTC obtained adequate bonding coverage for fiscal year 2020 and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

Other Issue

Expenditures Exceeding Income

From 2016 to 2018, the FW BCTC's expenditures exceeded their income. OLMS recommends creating a budget and spending less money than the amount of income coming in to ensure that the FW BCTC can fulfill its obligations to the membership.

I want to extend my personal appreciation to the Fort Worth 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,



Senior Investigator

cc: Mr. Mack Bennett, President