



November 17, 2020

Ms. Alise Martiny, Business Manager  
Kansas City Building & Construction Trades Council  
400 S. Main  
Independence, MO 64050

Case Number: 510-6020124  
LM Number: 034059

Dear Ms. Martiny:

This office has recently completed an audit of The Greater Kansas City Building & Construction Trades Council (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 and Attorney Michael Amash on November 06, 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 council business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the council 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 council 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 BCTC's 2019 records revealed the council did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$399.87. The council must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for council business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

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 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-2 filed by BCTC for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. PAC Funds

Item 11 (During the reporting period did your organization have a political action committee (PAC) fund?) was incorrectly answered, "No." BCTC had its own PAC fund during 2019. As stated in the LM-2 report instructions, PAC funds kept separate from your council's treasury need not be included in your council's LM report if publicly available reports on the PAC funds are filed with a federal or state agency. However, the audit revealed that BCTC's PAC funds were deposited to its general treasury and kept on deposit before being transferred to the PAC account. Therefore, the financial activities of the PAC fund must be included in BCTC's LM report.

2. Disbursements to Officers and Employees

BCTC did not include any credit card expenses incurred by you in Schedule 11 (All Officers and Disbursements to Officers). It appears that the council erroneously reported these payments in Schedules 15 through 19.

The council must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the council must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses council personnel incur. However, the council must report in Schedules 15 through 19 indirect disbursements for business expenses council personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on council business. The council must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to council personnel for expenses not necessary for conducting council business.

3. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a labor organization submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. BCTC amended its constitution and bylaws in 2015, but did not file a copy with its LM report for that year.

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

I am not requiring that BCTC file an amended LM report for 2019 to correct the deficient items, but BCTC 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 Greater Kansas City Building & 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. Michael Amash, Attorney