



January 12, 2021

Mr. Charles Bailey, Executive Secretary-Treasurer
SW IL Building and Construction Trades Council
2-A Meadow Heights Professional Park
Collinsville, IL 62234

Case Number: 510-6020127 [REDACTED]
LM Number: 508753

Dear Mr. Bailey:

This office has recently completed an audit of Southwestern Illinois 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 you and Office Manager Rosanne Holley on December 30, 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 Southwestern Illinois Building and Construction Trades Council's 2019 records revealed the following recordkeeping violation:

Disposition of Property

The council did not maintain an inventory of its fixed assets. The union 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. In addition, the record must identify any items disposed of by sale or donation, the date the items were given away and the recipients of those items.

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

Reporting Violation

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 council amended its constitution and bylaws in 2004, but did not file a copy with its LM report for that year.

The council has now filed a copy of its constitution and bylaws, dated May 13, 2004.

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

I want to extend my personal appreciation to Southwestern Illinois 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 large black rectangular redaction box covering the signature of the investigator.

Investigator

cc: Mr. Mark Chatham, President SW IL B&CTC Delegates
Mr. Eric Oller, President SW III B&CTC Executive Board