

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
New Haven Resident Investigative Office
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March 3, 2009

Mr. David Roche, Secretary-Treasurer
Connecticut State Building & Construction Trades Council AFL-CIO
100A Old Forge Rd.
Rocky Hill, CT 06067

LM File Number 540-685
Case Number: [REDACTED]

Dear Mr. Roche:

This office has recently completed an audit of CT State Building & Construction Trades Council ("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 on February 23, 2009, 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.

The CAP disclosed:

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 Council's 2007 records revealed the following recordkeeping violations:

Failure to Record Receipts

The Council did not record in its receipts records certain dividend checks received from investments totaling at least \$480.00. For example, the Building Trades Council received twenty-four separate dividend checks from the AFL-CIO Housing Investment Trust in fiscal year 2007; however, none of these receipts were separately identified as dividends in the union's records. 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.

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(s).

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 Council for the fiscal year ending December 31, 2007 was deficient in the following areas:

1. Investments

Statement A, Assets and Liabilities section of the Annual Financial Disclosure Report, Form LM-3, requires the disclosure of the value of all investments (other

than U.S. Treasury securities) at the start and end of the reporting period. For fiscal year 2007 the Council failed to disclose its financial interest in the AFL-CIO Housing Investment Trust. Records maintained by the Council show that it had an investment of approximately \$9,500.00 in the Housing Trust in 2007.

2. Subsidiary Organization

The audit found that in 2007 the Council had established the Connecticut State Building Trades Charitable Trust Fund (the "Fund"). A review of the governing rules of the charitable trust show that governance and control of the Fund and its assets is wholly vested with the officers of the Connecticut State Building and Construction Trades Council. The Fund's initial financing was provided by the Council, and the Council is the organizer for the fund's principal fund-raising activity. The audit has determined that the Council's Charitable Trust Fund is a subsidiary organization as defined in the instructions for the LM-3. The Fund's receipts, disbursements, assets and liabilities must be reported by the Council using one of the methods allowed in the Form LM-3 instructions. Additionally the Council should check "yes" on Item 10 of the LM-3 report.

The Connecticut State Building and Construction Trades Council must file an amended Form LM-3 for fiscal year ending December 31, 2007 to correct the deficient items discussed above. I am providing you with a blank form and instructions. Reporting forms and instructions are also available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than March 24, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate and signed properly with original signatures.

Other Violations

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 Connecticut State Building and Construction Trades Council's officers and employees are currently bonded for \$5,000.00, but they must be bonded for at

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least \$13,000.00. The Council should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than March 24, 2009.

I want to extend my personal appreciation to CT State 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,



Investigator

cc: Ben Cozzi, President