



December 20, 2013

John Rouse, President  
Ohio State Building and Construction Trades Council  
222 E. Town St.  
Columbus, OH 43215-4633

Case Number: 350-3616424( )  
LM Number: 049190

Dear Dennis Duffey:

This office has recently completed an audit of the Ohio State Building and Construction Trades Council (OSBCTC) 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 November 7, 2013, 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.

Reporting Violations

1) 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. OSBCTC amended its constitution and bylaws in 2012, but did not file a copy with its LM report for that year.

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

2) Disclosing the existence of a subsidiary

Currently, OSBCTC and the Affiliated Construction Trades (ACT) Ohio report as separate labor organizations. As a result of the audit it was determined that ACT Ohio meets the LMRDA's definition of a subsidiary. For the purposes of reporting under the LMRDA, a subsidiary is a separate organization of which the ownership is wholly vested in the reporting labor organization or its officers or its membership, which is governed or controlled by the officers, employees, or members of the reporting labor organization, and which is wholly financed by the reporting labor organization. A subsidiary organization is considered to be wholly financed if the initial financing was provided by the reporting labor organization even if the subsidiary organization is currently wholly or partially self-sustaining.

Following the end of fiscal year 2014, OSBCTC must report on its LM-2 report the existence of a subsidiary organization (item, 11b) and take one of the following courses of action:

(1) — Consolidate the financial information for OSBCTC and ACT Ohio on a single Form LM-2.

(2) —File with OSBCTC's Form LM-2, the regular annual report of the financial condition and operations of ACT Ohio, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization and was prepared in accordance with generally accepted accounting principles. Financial information reported separately for subsidiary organizations under method (2) must include the name of the subsidiary organization and the name and file number of the labor organization as shown on its Form LM-2. The financial report of the subsidiary organization must cover the same reporting period as that used by the reporting labor organization.

When method (2) is used and the subsidiary organization is an investment, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 26 (Investments) and in Schedule 5 (Investments) of the labor organization's Form LM-2. When method (2) is used and the subsidiary organization is of a non-investment nature, the financial interest of the reporting labor organization in the subsidiary organization must be reported in Item 28 (Other Assets) and in Schedule 7 (Other Assets) of the labor organization's Form LM-2.

In either case, this office will withdraw ACT Ohio from the Department of Labor's registry of labor organizations.

#### Other Violations

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.

OSBCTC's officers and employees are currently bonded for \$45,000, but they must be bonded for at least \$90,000. OSBCTC 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 January 31, 2014.

I want to extend my personal appreciation to OSBCTC 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: John Rouse, President