



June 13, 2013

Mr. Lindsay Brown, Secretary-Treasurer
Central Arkansas Building Construction Trade Council (CABCTC)
1315 West 2nd St.
Little Rock, AR 72201

Case Number: 420-14091()
LM Number: 056188

Dear Mr. Brown:

This office has recently completed an audit of the CABCTC 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 President Robert Garmoe on May 16, 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.

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 CABCTC's 2012 records revealed the following recordkeeping violations:

1. Failure to Maintain Receipts

The CABCTC failed to maintain some receipts of disbursements including some donut purchase receipts, some AT&T bills, an Office Depot receipt, and a receipt of the prizes purchased for the golf tournament.

2. Failure to Record Receipts

The CABCTC did not record some per capita checks in its receipts records totaling at least \$3,468. For example, none of the per capita tax checks received from the Painters in 2012 were recorded in the CABCTC's receipts journal. 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.

3. Failure to Maintain Complete Receipt Records

The CABCTC failed to maintain complete records of the receipts deposited into their general checking account and their charity fund account. The CABCTC failed to maintain a record listing the deposit items contained in each deposit. 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.

4. Lack of Salary Authorization

The CABCTC did not maintain records to verify that Secretary-Treasurer Lindsay Brown's salary reported in Item 24 (All Officer and Disbursements to Officers) of the LM-3 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

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

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 CABCTC for the fiscal year ended December 31, 2012, was deficient in the following areas:

1. Bond Amount

The CABCTC erroneously reported \$10,000 instead of \$20,000 as the amount of their bond in Item 20.

2. Disbursements to Officers

The CABCTC did not include some reimbursements to officers totaling at least \$1,778.80 in the amounts reported Item 24 (All Officers and Disbursements to Officers) and Item 45 (To Officers). It appears the union erroneously reported these payments in Item 54 (Other Disbursements).

The union must report most direct disbursements to the CABCTC officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer 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 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).

3. Charity Fund Account

The CABCTC failed to include the amount of money in their charity fund account in Items 25A and 25B (Cash), receipts to their charity fund account in Item 43 (Other Receipts), and disbursements from their charity account in Item 51 (Contributions, Gifts and Grants) and/or Item 54 (Other Disbursements).

4. Transfers/Checks Between Accounts

The CABCTC erroneously included \$435.32 worth of checks written between accounts and a couple other receipts totaling \$58.25 in Item 38 (Dues).

5. Bank Interest

The CABCTC failed to report the \$1 interest earned on their general purpose account in Item 41 (Interest & Dividends).

6. Professional Fees

The CABCTC erroneously reported disbursements in Item 49 (Professional Fees) when the CABCTC did not make any disbursements to any outside legal or other professional services personnel.

7. 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 CABCTC amended its constitution and bylaws in 2007, but did not file a copy with its LM report for that year.

The CABCTC has now filed a copy of its constitution and bylaws.

The CABCTC must file an amended Form LM-3 for the fiscal year ended December 31, 2012, to correct the deficient items discussed above. I encourage CABCTC to complete, sign, and file its

report electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Reporting forms and instructions can be downloaded from the website, if you prefer not to file electronically. The amended Form LM-3 should be filed electronically no later than **June 28, 2013** or submitted to this office at the above address by the same date. Before filing, review the report thoroughly to be sure it is complete and accurate. Paper reports must be signed with original signatures.

Other Issues

1. Budget

The audit revealed that the CABCTC's disbursements (expenditures) were greater than their receipts (income) for the past five years. OLMS recommends creating a budget to prevent that.

2. Cancelled Checks

The CABCTC currently does not get copies of their cancelled checks back from their bank. OLMS recommends that the CABCTC obtain copies of their cancelled checks from their bank in order for their records to be fully audited.

I want to extend my personal appreciation to the CABCTC 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. Robert Garmoe, President