

U.S. Department of Labor

Office of Labor-Management Standards
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December 15, 2017

Mr. Paul Brown, President
Building and Construction Trades Council (BCTC)
196 Orchard Park Road
West Seneca, NY 14224

Case Number: 110-6011801 [REDACTED]
LM Number: 011838

Dear Mr. Brown:

This office has recently completed an audit of the Building and 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 Treasurer Tom Halligan on October 27, 2017, 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 Building and Construction Trades Council 2016 records revealed the following recordkeeping violation:

1. Credit Card Expenses

The BCTC did not retain adequate documentation for credit card expenses associated with the John Ray Memorial Fund incurred by [REDACTED], totaling at least \$6,200. For example on April 1, 2016 there were transactions with no supporting documentation totaling \$454.75 for golf prizes.

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Bond

The audit revealed the BCTC failed to maintain documentation verifying adequate bonding coverage of the organizations officers and employees.

The BCTC obtained the certificate verifying adequate coverage following the audit and provided evidence of this to OLMS.

Based on your assurance that the BCTC 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 Form LM-3 filed by the BCTC for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. Per Capita Tax

The BCTC erroneously reported per capita tax received from locals in Item 38, Dues and Agency Fees. The union should report these receipts in Item 39, Per Capita Tax. If your organization is an intermediate or parent body, the total amount of per capita received by your organization should be reported in Item 39. Include the per capita tax portion of dues received directly by your organization from members of affiliates, per capita tax received from subordinates, either directly or through intermediaries, and the per capita tax portion of dues received through a checkoff arrangement whereby local dues are remitted directly to an intermediate or parent body by employers. Do not include dues collected on behalf of subordinate organizations for transmittal to them. For example, if a parent body received dues checkoff directly from an employer and returned the local's portion of the dues, the parent body must report the dues received on behalf of the local in Item 43 (Other Receipts).

2. 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 BCTC appears to have amended its constitution and bylaws in 2015, but did not file a copy with its LM report for that year.

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

I am not requiring that the BCTC file an amended LM report for 2016 to correct the deficient items, but the 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 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,

Investigator

cc: Mr. Thomas J. Halligan, Treasurer