



July 11, 2019

Mr. Matthew Gonzales, Treasurer
Building & Construction Trades Council
311 South St. Mary's Street
15th Floor, Suite E
San Antonio, TX 78205

Case Number: 420-6015665 [REDACTED]
LM Number: 037699

Dear Mr. Gonzales:

This office has recently completed an audit of the Building & 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 you on July 12, 2019, 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 of the LMRDA requires, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained, and clarified. As a general rule, labor organizations must retain 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 BCTC's 2018 records revealed the following recordkeeping violation:

General Disbursed Expenses

BCTC did not retain adequate documentation for three payments made to Microsoft totaling \$50, to Jungman, Elley, Williams & Johnson totaling \$2,650, and to Plumbers and Pipefitters Local 142 totaling \$142.25.

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.

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 violation.

Reporting Violations

The audit disclosed a violation 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, 2018, was deficient in the following areas:

1. Address Where Records Are Kept

Item 9 (Place Where Records are Kept) was incorrectly answered "Yes" indicating the BCTC records are kept at the mailing address reported in Item 8. The audit disclosed that the BCTC records are maintained at the Laborers Local 1095 union hall in Austin, Texas. As a result, Item 9 should have been answered "No" and the address where the BCTC's records are kept should have been provided in Item 56 (Additional Information).

2. Investment Reported As Cash

BCTC improperly included the value of an investment account as cash in Item 25. The LM-3 instructions require labor organizations to report the total book value at the start and end of the reporting period for all investments other than U.S. Treasury securities in Item 28 (Investments).

3. 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 amended its constitution and bylaws in 2010, but did not file a copy with its LM report for that year. The BCTC has now filed a copy of its current constitution and bylaws.

I am not requiring that the BCTC file an amended LM-3 report for 2018 to correct the deficient items, but the BCTC has agreed to properly report the deficient items on all future reports it files with OLMS.

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 BCTC's officers and employees were not bonded during the 2018 audit period and must be bonded for at least \$2,568.

The BCTC will obtain adequate bonding coverage and provided evidence of this to OLMS by July 19, 2019. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to 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,



Senior Investigator

cc: Mr. Mark Potter, President