

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
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August 8, 2007

Mr. Dale Stewart, Secretary-Treasurer
Building and Construction Trades Council Southwestern Illinois
2A Meadow Heights Professional Building
Collinsville, IL 62234

LM File Number 508-753

Case Number: [REDACTED]

Dear Mr. Stewart:

This office has recently completed an audit of The Building and Construction Trades 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 Office Manager Roseanne Holley and yourself on July 12, 2007, 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

The CAP 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-2) filed by the Building and Construction Trades Council for fiscal year ending December 31, 2006, was deficient in that receipts for the targeting fund was reported in Item 37 "Per Capita Tax." The income from locals for the targeting fund should be reported in Item 48 "Other Receipts" and itemized according to the itemization threshold requirements.

The CAP further disclosed market recovery awards were reported in Item 15 "Representational Activities" and not itemized. Disbursements from the targeting fund would be correctly reported in Item 17 "Contributions, Gifts, and Grants" and should also be itemized according to the itemization threshold requirements.

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The Building and Construction Trades Council must file an amended Form LM-2 for fiscal year ending December 31, 2006, to correct the deficient items discussed above. We discussed and know that you are aware of the filing procedures and the availability of the filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than August 31, 2007. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.


Other Violations

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 handled by those individuals or their predecessors during the preceding fiscal year. The Building and Construction Trades Council officers and employees are currently bonded for \$40,000, but they must be bonded for at least \$88,000.

The Building and Construction Trades Council should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as adequate coverage has been obtained, but not later than August 31, 2007.

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: John Simpson, CPA