



May 24, 2010

Mr. Darrell E. Craig, President / Secretary-Treasurer  
Bricklayers AFL-CIO, Local 5  
2922 Sidco Dr.  
Nashville, TN 37204

Case Number: [REDACTED]  
LM Number: 540467

Dear Mr. Craig:

This office has recently completed an audit of Bricklayers AFL-CIO, Local 5 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 May 20, 2010, 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 Local 5's 2009 records revealed the following recordkeeping violations:

1. General Credit Card Expenses

Local 5 did not retain adequate documentation for reimbursed credit card expenses incurred by union officers totaling at least \$2,895.41. For example, there were not any receipts to reference the June 06, 2009 purchase of American Airlines airfare for Darrell Craig and Andrew Cox to attend a meeting in Houston, TX.

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. Union Owned Automobiles

The union did not maintain records necessary to verify the accuracy of the information reported in Schedules 11 (All Officers and Disbursements to Officers) of the LM-2.

Local 5 incurred expenses for automobiles during 2009. However, Local 5 did not maintain records documenting business versus personal use of the union vehicles.

The LM-2 instructions include specific rules for the reporting of automobile expenses. The union must report operating and maintenance costs for each of its owned or leased vehicles in Schedules 11 and 12 of the LM-2, allocated to the officer or employee to whom each vehicle is assigned.

For each trip they take using a union owned or leased vehicle, officers and employees must maintain mileage logs that show the date, number of miles driven, whether the trip was business or personal, and, if business, the purpose of the trip.

3. Failure to Record Receipts

Local 5 did not record in its receipts records the date of interest earned on the certificate of deposit totaling at least \$1,092.13. 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.

Based on your assurance that Local 5 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-2 filed by Local 5 for the fiscal year ended December 31, 2009, was deficient in the following areas:

1. Joint Apprenticeship Training Committee Funds (JATC)

Local 5 has been previously submitting an LM-3 report to report the funds received for this fund. The Organizational Interview Questionnaire and audit revealed that Local 5 maintains and has control of these funds. The funds should not be listed on a separate report, but combined and included on Local 5's LM-2 report.

2. Vacation Funds

Item 10 (During the reporting period did the labor organization create or participate in the administration of a trust or a fund or organization, as defined in the instructions, which benefits which provides benefits for members or beneficiaries?) was incorrectly answered, "Yes." Local 5 had a vacation fund during 2009. The audit revealed that Local 5's vacations funds were deposited to its general treasury before being transferred by check to the vacation account. The financial activities of the vacation fund must be included in Local 5's LM report.

3. Disbursements to Officers and Employees

Local 5 did not include payments to officers and employees totaling at least \$28,000.00 in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). It appears that the local erroneously reported these payments in Schedules 15 through 19.

The union must report in Column F of Schedules 11 and 12 (Disbursements for Official Business) direct disbursements to officers and employees for reimbursement of expenses they incurred while conducting union business. In addition, the union must report in Column F of Schedules 11 and 12 indirect disbursements made to another party (such as a credit card company) for business expenses union personnel incur. However, the union must report in Schedules 15 through 19 indirect disbursements for business expenses union personnel incur for transportation by public carrier (such as an airline) and for temporary lodging expenses while traveling on union business. The union must report in Column G (Other Disbursements) of Schedules 11 and 12 any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business.

#### 4. Automobile Expenses

Local 5 did not include in the amounts reported in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees) disbursements for the operation and maintenance of union automobiles.

The LM-2 instructions provide two methods for reporting automobile-related expenses. The union must report in Schedules 11 and 12 direct and indirect disbursements for the operation and maintenance of union owned and leased vehicles and the operation and maintenance of vehicles owned by union personnel (including gasoline, repairs, and insurance). The union may divide the expenses and report them in Columns F and G based on miles driven for union business (supported by mileage logs) compared with miles driven for personal use.

Alternatively, rather than allocating the expenses between Columns F and G, if 50 percent or more of an officer's or an employee's use of a vehicle was for official business, the union may report all of the expenses relative to the vehicle assigned to the officer or employee in Column F of Schedule 11 or 12 with an explanation in Item 69 (Additional Information) that the officer or employee used the vehicle part of the time for personal business. Similarly, if a vehicle assigned to an officer or employee was used less than 50 percent of the time for business, all of the expenses relative to that vehicle may be reported in Column G with an explanation in Item 69 that the officer or employee used the vehicle partly for official business.

Local 5 must file an amended Form LM-2 for the fiscal year ended December 31, 2009, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of filing software on the OLMS website ([www.olms.dol.gov](http://www.olms.dol.gov)). The amended Form LM-2 must be electronically filed as soon as possible, but not later than June 28, 2010. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

#### Other Violations

The audit disclosed the following other violation(s):

##### Inadequate Bonding

Local 5's officers and employees are currently bonded for \$70,000, but they must be bonded for at least \$90,000. Local 5 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 June 28, 2010.

Other Issues

Use of Signature Stamp

During the Organizational Interview Questionnaire, President Darrell Craig advised that it is Local 5's practice for him to stamp the signature of Local 5 Member David McIntosh and his own signature on all vacation fund checks. President Craig indicated that no one but Recording Secretary Suzanne Cochran reviews the checks before they are issued. The use of a signature stamp for the signers does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 5 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Bricklayers AFL-CIO, Local 5 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