



May 11, 2011

Mr. Patrick Schwarz, President
Bricklayers, Local 7
5201 E. 38th Avenue
Denver, CO 80201-1128

Case Number: [REDACTED]
LM Number: 530865

Dear Mr. Schwarz:

This office has recently completed an audit of Bricklayers & Allied Craftworkers (BAC), Local 7 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 Office Manager Denise McKnight on May 6, 2011, 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 Violation

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 7 for the fiscal year ended September 30, 2010, was deficient in the following areas:

1. Disbursements to Officers and Employees (LM-2)

BAC Local 7 did not include some payments to officers and employees totaling at least \$14,883 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.

I am not requiring that Local 7 file an amended LM report for 2010 to correct the deficient items, but Local 7 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Bricklayers, Local 7 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,

A solid black rectangular box used to redact the signature of the investigator.

Investigator