

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
St. Louis District Office
1222 Spruce Street
Room 9 109E
St. Louis, MO 63103
(314)539-2667 Fax: (314)539-2626



September 7, 2006

Mr. Eugene Rome, Secretary/Treasurer
Building and Construction Trades Council of Iowa
BCTC Iowa
2306 Glenn Street
Bettendorf, IA 52722

Re: Case Number

Dear Mr. Rome:

This office has recently completed an audit of BCTC Iowa 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 August 22, 2006, 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.

The CAP disclosed a violation of Title II of the LMRDA, which establishes record keeping requirements for officers of labor unions. Section 206 requires officers to maintain records that verify, clarify, and explain all receipts and disbursements activity. These records are required to be maintained for a period of 5 years. As a general rule, this includes all records created or received during the normal course of union business.

BCTC Iowa failed to maintain records and various supporting documentation for disbursements, such as reimbursements to officers, bills, and receipts. You agreed during the exit interview that you were going to maintain records in greater detail in the future; therefore, this matter is considered resolved during the compliance audit.

The CAP also disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial

operations. The Labor Organization Annual Report, Form LM-3, for the fiscal year ended March 31, 2006 was deficient in the following areas:

- BCTC Iowa failed to include some reimbursements to officers in Item 24 (All Officers and Disbursements to Officers). Reimbursements for Eugene Rome, Tom Gillespie, and William Gerhard were not reported. Such payments appear to have been erroneously reported in "Other Disbursements."

All direct disbursements to BCTC Iowa officers and some indirect disbursements made on behalf of its officers must be reported in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. An "indirect disbursement" to an officer is a payment to another party (including credit card companies) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense). The union also failed to include a stipend paid to Donna Rome as employee expenses in Item 46 (Employees).

- The amounts shown as the Total Receipts (Item 44) and Total Disbursements (Item 55) on the LM-3 Report are understated. This is due to the PAC Fund money which passed through the local's checking account being "netted out." The LM-3 is a cash basis report; therefore, all funds being deposited into, or withdrawn from, accounts must be reported. The LM-3 instructions, Page 12, clearly state that funds must be recorded when received and recorded when actually paid out. The instructions also state that "netting" is not permitted on the LM-3 Report.

After discussing the above reporting violations with Mr. Tallman, it was agreed that an amended LM-3 report for the fiscal year ending March 31, 2006 would be completed and received by OLMS by September 30, 2006.

I want to extend my personal appreciation to BCTC Iowa for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make

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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: Richard Tallman, CPA