

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Honolulu Resident Investigative Office
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January 26, 2010

Mr. Nolan Moriwaki, President
Building Trades & Construction Trades Dept AFL-CIO
BCTC Honolulu
Gentry Pacific Design Center, Ste. 215A
560 N. Nimitz Highway, #50
Honolulu, HI 96817

Re: Case Number: [REDACTED]

Dear Mr. Moriwaki:

This office has recently completed an audit of Hawaii 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 Executive Director William Hong, Administrator Dorothy Grandmaison, and you on December 30, 2009, 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 Hawaii BCTC's 2008 records revealed the following recordkeeping violation:

Meal Expenses

Hawaii BCTC did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$247.00. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Hawaii BCTC records of meal expenses did not always include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, the union only retains the billing statements for Plaza Club charges and not the actual transaction receipts. Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

Based on your assurance that Hawaii BCTC will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

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 Hawaii BCTC for fiscal year ending December 31, 2008, was deficient in that the Labor Unity Picnic Fund bank account was not included in the Hawaii BCTC's LM-2 report. Although used exclusively for purposes related to the annual Hawaii Labor Unity Picnic, this is a union account and must be included in the LM-2 report.

I am not requiring that Hawaii BCTC file an amended LM report for 2008 to correct the deficient item, but Hawaii BCTC has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Violation

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 audit revealed that Hawaii BCTC's officers and employees were not bonded for the minimum amount required at the time of the audit. However, the union obtained adequate bonding coverage and provided evidence of this to OLMS following the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to Hawaii 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,



Investigator

cc: Mr. William Hong, Executive Director
Mr. Damien Kim, Financial Secretary
M. Arthur Tolentino, Treasurer