

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Honolulu Resident Office
300 Ala Moana Blvd. Rm 5-121
Honolulu, HI 96850
(808) 541-2778 / FAX: (808) 541-2719



December 23, 2004

Leonard Sebresos
Business Manager
707 Alakea Street Suite 206
Honolulu, Hawaii 96850

Re: 2

Dear Mr. Sebresos:

This office has recently completed an audit of Asbestos Workers Local 132 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, as Amended (LMRDA). As discussed during the exit interview with you on December 15, 2004, 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 record keeping requirements. Section 206 requires, among other things that adequate records be maintained 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, all records used or received in the course of union business must be retained for at least five years after the filing of the appropriate LM-2 report.

The audit disclosed that the union did not maintain complete copies of Executive Board and general membership meeting minutes. The recordkeeping requirement includes, in the case of meeting minutes, not only the retention of the meeting minutes themselves, but the names and signatures of meeting attendees, the name of the individual who prepared the minutes, and date the meeting minutes were prepared. The audit revealed that Executive Board meeting minutes were not compiled, but instead discussion from such meetings incorporated as references in membership meeting minutes. Meeting minutes did not contain the date meeting minutes were prepared or identify who compiled the minutes.

The audit disclosed that the union failed to maintain an income ledger or cash receipts journal for dues paid by check or cash. Union receipt records must include adequate identification of money received. The records should show the exact date that the money was received, the identity of the source of the income and the amount received from each source.

As agreed, provided that Local 132 maintains adequate documentation for its records, no additional enforcement action will be taken regarding this violation.

Bonding

During the audit, it was found that the union failed to obtain bonding coverage in appropriate amounts covering all officers, employees and representatives of the labor organization handling the funds or other property of the organization in violation of Section 502. You were advised to increase your coverage to be in compliance with LMRDA required coverage, and submit documentation to our office of the proper coverage required.

Salaries and Vacation Pay

During our review of the union's records, we were unable to find past authorization of salary amounts paid to the Business Manager was found. In addition, no formal sick or annual leave policies existed. Although you stated that you have never taken any vacation time off, it was recommended that an annual vacation and leave record be maintained for the Business Manager and anyone employed by the union. You were advised to improve recordkeeping in this area and formulate a written policy that addresses vacation pay, benefits, leave, and earning issues.

The audit disclosed that you received two installments of vacation pay in advance of earning such benefits. On February 20, 2003, you were paid a vacation pay advance of \$2,500.00, in excess of vacation pay accumulated on that date of \$864.00. You received a second vacation payment advance of \$5,752.00 on June 20, 2003, but were only entitled on that date to receive \$1,944.00 in accumulated vacation pay. You agreed that you improperly received vacation pay in advance of what was earned and entitled. Please be aware that Section 503 of the LMRDA states that no labor organization shall make any direct or indirect loan or loans to any officer or employee of such organization which results in a total indebtedness on the part of such officer or employee to the labor organization in excess of \$2,000. Section 503 (c) provides for a fine or not more than \$5,000 or imprisoned for not more than one year or both for willfully receiving of any loan in excess of \$2,000. You stated that you would address these concerns when receiving such payments in the future. At this time, no additional enforcement action will be taken.

Deficient Filing

As you were advised, Local 132 filed a deficient LM-2 report which failed to meet the standards of acceptability in violation of LMRDA Section 201(b).

The union failed to properly report allowances and reimbursements paid to you and other Board members in Schedule 9. In addition, office and administrative expenses in Schedule 13 should be adjusted to properly reflect actual expenses.

You agreed to submit an amended LM-2 report to correct for these deficiencies. Please provide a copy of the amended LM-2 report to our office by December 27, 2004.

I want to extend my personal appreciation to you during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.

Sincerely,

FCC

Investigator