



August 28, 2015

Mr. Anthony Kinney, Financial Secretary-Treasurer
Iron Workers Local 742
Navy Yard Riggers
P.O. Box 30711
Honolulu, HI 96820

Case Number: 520-6005526 [REDACTED]
LM Number: 047075

Dear Mr. Kinney:

This office has recently completed an audit of Iron Workers Local 742 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Civil Service Reform Act of 1978 (CSRA). As discussed during the exit interview with you, General Organizer Anthony Butkovich, Trustee Isaac Tokuda, and Trustee Pete Taimanglo on July 21, 2015, 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 of the LMRDA and Title 29 of the Code of Federal Regulations (C.F.R.) Section 403.7 require, among other things, that labor organizations maintain adequate records for at least five years after reports are filed by which the information on the reports can be verified, explained, and clarified. Pursuant to 29 C.F.R. Section 458.3, this recordkeeping provision of the LMRDA applies to labor organizations subject to the requirements of the Civil Service Reform Act of 1978 (CSRA) as well. Therefore, as a general rule, labor organization must retain all records used and 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 Iron Workers Local 742 records for fiscal year ending June 30, 2014 revealed the following recordkeeping violations:

1. Travel Expenses

Local 742 did not have proper documentation for the payment of travel expenses to the annual Metal Trades Conference in Las Vegas. The local paid travel reimbursement checks of \$905.18 and \$40.00 to former President [REDACTED] but maintained no receipts or other back up documents.

2. Lost Time Payments

Local 742 did not have proper documentation for the calculation of lost time payments. The Local wrote two checks payable to President [REDACTED] and Financial Secretary-Treasurer (FST) Kinney for \$860.64 each for three days of lost time to attend the Metal Trades Conference in October of 2013. The local should use detailed vouchers to support lost time benefits that include at a minimum, the date of each claim, the total hours claimed, the hourly rate of pay, and the specific union business conducted.

The proper maintenance of union records is the personal responsibility of individuals who are required to file the LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

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

Other

Lack of Internal Controls

As discussed during the exit interview, Local 742 failed to maintain a check register for its general checking account at Central Pacific Bank. Two signatures are required on each check to be valid. However, the local wrote checks with only one signature, that of FST Anthony Kinney.

The local is strongly encouraged to maintain a check register to record its financial transactions on a timely basis to keep a running balance of its checking account.

It was also recommended to adhere to the bank requirement that checks be signed by two union officials. The trustees may be added as additional signatories on the checking account pursuant to the applicable provisions of your constitution and bylaws.

Mr. Anthony Kinney

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I want to extend my personal appreciation to Iron Workers Local 742 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. Isaac Tokuda, Trustee
Mr. Pete Taimanglo, Trustee
Mr. Anthony Butkovich, General Organizer