

**U.S. Department of Labor**

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October 29, 2007

Mr. Wendell Sakane, Secretary/Treasurer  
Graphic Communications, IBT Local Union 413  
1347 Kapiolani Blvd., Suite 404  
Honolulu, HI 96814-4512

LM File Number: 038-991  
Case Number: [REDACTED]

Dear Mr. Sakane:

This office has recently completed an audit of Graphic Communications, IBT Local Union 413 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 President Howard Keliioholokai on October 22, 2007, 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-3 filed by Local 413 for fiscal year ending December 31, 2005, was deficient in the following area:

Disbursements to Officers

Local 413 did not include some reimbursements to officers totaling at least \$5,553.04 in the amounts reported in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense).

The union must report most direct disbursements to Local 413 officers and some indirect disbursements made on behalf of its officers 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. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in

Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) 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).

I am not requiring that Local 413 file an amended LM Report for 2005 to correct the deficient items, but Local 413 has agreed to properly report the deficient items on all future reports it files with OLMS.

Bonding Violation

The audit disclosed the following 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.

Local 413's officers and employees are currently bonded for \$10,000, but they must be bonded for at least \$10,675. Local 413 should obtain adequate bonding coverage for its officers and employees immediately.

I want to extend my personal appreciation to Local 413 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,

[Redacted Signature]

Investigator

cc: Mr. Howard Keliioholokai, President