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Feds study grants to builders' trade group

By Paul Wilson

Business Editor

Federal officials are investigating the West Virginia chapter of the Associated Builders and Contractors for providing "potential inaccuracies and irregularities" on state grant applications, officials from the state Development Office said.

State officials asked for federal intervention this month after the trade association didn't respond to a letter asking for information about three grants totaling at least \$140,000 awarded between 2001 and 2003.

"The lack of any reply to my request gives me no choice but to refer this compliance inquiry to the auditors for the U.S. Department of Labor," David Lieving, director of the Governor's Workforce Investment Division, wrote in a June 10 letter. "You should anticipate the contact from auditors in the near future."

Lieving's letters were sent to Tom Hardiman, listed as ABC's executive director in this state. The June 10 letter was also addressed to the group's chairman and board of directors. Development Office Director David Satterfield, Lieving's superior, faxed copies of the letter to the Sunday Gazette-Mail last week.

"This is quite bothersome," Satterfield said. "Straight up, for better or worse, if there's any fault on the Development Office side, that's what we're looking into."

The largest grant was for \$120,000 from the Workforce Investment Division for the period of July 1, 2001, and July 30, 2002. Lieving's letter also asked for information about two Small Business Workforce grants for \$10,000 each.

The Development Office's initial review of ABC's grants found nothing wrong, but a more detailed look showed there might be problems "pertaining to the uses and outcomes associated with these funds," according to the Development Office.

Steve White, director of the Affiliated Construction Trades Foundation, brought the potential problems to Satterfield's attention earlier this year, prompting Development Office officials to look more thoroughly into grants awarded to ABC.

The ACT Foundation is a union group and ABC is a non-union group.

"This is two old enemies duking it out," White said. "But I think we have some pretty solid information."

White said he is concerned about how ABC was awarded the money and whether ABC trained enough people and trained them properly.

Lieving and Satterfield explained the confusion as a case of fulfilling old obligations. But they admitted potential inaccuracies, which they said they want to investigate to ensure the money was used properly.

"That will be one of the first questions I ask, I'm sure," Lieving said. "I want to know where the money went and I want to verify that" by getting ABC's records.

During former governor Cecil Underwood's administration, ABC was promised \$209,700 in Workforce Investment Division grants for training purposes, Lieving said. The state has no record of a contract, but Lieving said he has a copy of a letter of commitment to ABC.

Other records might have existed, but if they did, they didn't make the transition from Underwood to Gov. Bob Wise, who took office in early 2001, Lieving said.

Late that year, ABC officials contacted Satterfield's office and said the money the organization was promised never came. On Dec. 12, 2001, Satterfield signed a contract for \$120,000 to ABC, Lieving said.

"There were some red flags," said Lieving, who had only been on the job for a few weeks in December 2001. "I was a little bit concerned, but I discussed it with David Satterfield and we went ahead."

"David felt strongly that we should abide by the commitment."

Lieving said he wasn't sure why ABC got \$120,000 instead of \$209,700.

"Apparently, there was some negotiating," he said. "They must have agreed that [\$120,000] was acceptable."

The Workforce Investment Division usually doles out money in portions and after grant recipients meet incremental requirements. But by late 2001, ABC had already spent its own money on training anticipating the grant, so Satterfield and Lieving made an exception and gave the group \$120,000 in one shot.

Lieving said he stands by the decision made two-and-a-half years ago, but also said it was early in the Wise administration.

"We were young and there were promises we inherited," he said. He also noted increased accountability and oversight standards the Workforce Investment Division announced earlier this month.

The organization also received Small Business Workforce grants each year between 1998 and 2003, Lieving said. ABC was awarded more than \$65,000 from those grants and spent more than \$61,000.

Lieving said the concern about the Small Business grants is not how they were awarded but rather whether they were used for their intended purposes.

Lieving said he made arrangements with Debbie Cruise, listed on ABC's Web site as the group's office manager, late Friday afternoon to review ABC's records early next month. He said it was a good sign that ABC was finally responding to Development Office queries.

"She needs some time to get the records together," Lieving said. "She claims she didn't receive the [first] letter. The good news is at least they're talking to us."

Cruise did not return a phone message left Friday by the Gazette-Mail. Hardiman, listed as the group's executive director in correspondence from the Development Office and on ABC's Web site, is no longer working for the group.

Under a worst-case scenario, Lieving said, ABC could be forced to reimburse the state or could face criminal charges.

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