



March 24, 2022

Mr. David Contreras, Secretary-Treasurer
CWA Local 9586
12330 E. Firestone Blvd.
Norwalk, CA 90650

Case Number: 520-6023124()
LM Number: 504635

Dear Mr. Contreras:

This office has recently completed an audit of CWA Local 9586 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 President Richardo Ibarra on March 10, 2022, 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 Local 9586's 2021 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 9586 did not retain adequate documentation for expenses incurred by Secretary-Treasurer David Contreras. For example, on October 20, 2020, Contreras charged \$150.27 to El Pollo Loco but did not retain the receipt. As noted above, labor organizations must

retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Lost Wages

Local 9586 did not retain adequate documentation for at least one lost wage reimbursement payment to President Ibarra. A copy of a February 19, 2021, paycheck showing the lost time hours was missing. The union must maintain records in support of lost wage claims that identify each date lost wages were incurred, the number of hours lost on each date, the applicable rate of pay, and a description of the union business conducted. During the exit interview, I provided a compliance tip sheet, *Union Lost Time Payments*, that contained a sample of an expense voucher Local 9586 may use to satisfy this requirement. The sample identifies the type of information and documentation that the local must maintain for lost wages and other officer expenses.

Based on your assurance that Local 9586 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Other Issue

Violation of Policy Requiring Executive Board Approval for Expenditures over \$200

Local 9586 did not maintain records to verify that charges were authorized by the executive board and general membership. The union must keep a record, such as meeting minutes, to show the authorized expenditures by the entity or individual in the union with the authority to establish these expenditures and payments. Local 9586's Policies and Procedures states that "Motions in excess of \$200 must be brought to the executive board prior to a membership meeting and be approved by two thirds majority of the executive board present." The audit revealed at least three occurrences where expenditures exceeding \$200 did not receive prior executive board approval:

- October 20, 2020, reimbursement to Contreras for office supplies totaling \$209.46
- August 4, 2021, reimbursement to Contreras to attend a convention in New Orleans totaling \$471.66
- September 17, 2021, reimbursement of Contreras for mileage expenses totaling \$366.35

Approved expenditures exceeding \$200 should be approved by the executive board and general membership and documented in the meeting minutes.

I want to extend my personal appreciation to CWA Local 9586 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]

Investigator

cc: Mr. Richardo Ibarra, President
Ms. Michelle Harris, Admin. Asst.