



June 12, 2023

Ms. Rosanna Mendez, Executive Director  
SEIU Local 121RN  
1040 Lincoln Avenue  
Pasadena, CA 91103-3263

Case Number: 520-6025504( )  
LM Number: 542545

Dear Ms. Mendez:

This office has recently completed an audit of SEIU Local 121RN 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 Cynthia Parks on March 28, 2023, 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 rule, labor organizations must maintain all records used or received during 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 121RN's 2021 records revealed the following recordkeeping violation:

#### Receipt Dates not Recorded

For the audit year, Local 121RN did not record receipts on the date money was received. Union receipts records must show the date of receipt. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and

Disbursements) of the LM-2. The LM-2 instructions for Statement B state that the labor organization must record receipts when it receives money and disbursements when it pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it received them.

The union advised that prior to the COVID-19 pandemic, receipt dates were properly recorded in the union records. The union's practices changed during the COVID-19 pandemic since staff stopped going to the office regularly.

Based on your assurance that Local 121RN record receipts on the day they are received, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violations

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-2 filed by Local 121RN for the fiscal year ended December 31, 2021, was deficient in that Local 121RN did not properly complete Schedules 3 (Sale of Investments and Fixed Assets) and 4 (Purchase of Investments and Fixed Assets). Review of the investment brokerage statement shows that Local 121RN sold investments purchased investments. It appears that all the proceeds from the sale of investments were immediately used to purchase new investments. The amount of the sale or redemption of marketable securities or other investments that was promptly invested in U.S. Treasury securities, marketable securities, and other investments should be included in "Less Reinvestments" in both schedules. The total in "Less Reinvestments" on Schedule 3 must agree with the amount reported in Schedule 4.

I am not requiring that Local 121RN file an amended LM report for 2021 to correct the deficient items, but Local 121RN has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Issue

LMRDA Section 401(b) states that "[e]very local labor organization shall elect its officers not less often than once every three years by secret ballot among the members in good standing."

Section 3(n) of the LMRDA defines an "officer" as follows:

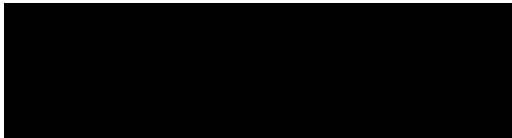
(n) "Officer" means any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive function of a labor organization, and any member of its executive board or similar governing body.

Based on the information provided by SIEU Local 121RN during the audit, OLMS has concluded that the SEIU Local 121RN's Executive Director position is an officer position

subject to election requirements under the LMRDA and therefore, the Executive Director must be elected every three years pursuant to the LMRDA.

I want to extend my personal appreciation to SEIU Local 121RN 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,

A large black rectangular redaction box covering the signature of the sender.

Senior Investigator