



September 15, 2023

Mr. Gilbert Hinojosa, President
United Food & Commercial Workers
Local 900C
311 S Highway 146
Baytown, TX 77520

Case Number: 420-6025803()
LM Number: 069724

Dear Mr. Hinojosa:

This office has recently completed an audit of Food & Commercial Workers Local 900C 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, Secretary Treasurer Ivory Scott, and former Secretary Treasurer Alejandrina Vela on September 15, 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 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 900C's 2022 records revealed the following recordkeeping violations:

- 1) All disbursements did not have supporting documentation to indicate the union purpose.

Local 900C did not retain supporting documentation for all expenses reimbursed to officers totaling at least \$105. The local also did not retain supporting documentation for union check disbursements totaling at least \$6,000 for monthly payments to United Steel

Workers for office space rental and to Office Depot for office supplies. Labor organizations must retain original itemized 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) Meal Expenses

Local 900C did not require officers to submit itemized receipts for meal expenses totaling at least \$200. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

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-3 filed by Local 900C for the fiscal year ended June 30, 2022, was deficient in the following areas:

1) Disbursements to Officers

Local 900C did not include some lost time payments and reimbursements to officers totaling at least \$11,800.00 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 Administration Expenses).

The union must report most direct disbursements to Local 900C 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).

2) Fixed Assets

The book value at the start and end of the reporting period for fixed assets reported in Item 29 (Fixed Assets) has not changed for depreciation. The LM-3 instructions require that the book value at the start and end of the reporting period of all fixed assets, such as land, buildings, automobiles, and office furniture and equipment owned by your

organization is entered in Columns (A) and (B). The book value of fixed assets is cost less depreciation.

Local 900C must file an amended Form LM-3 for the fiscal year ended June 30, 2022, to correct the deficient items discussed above. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. The amended Form LM-3 must be filed no later than September 25, 2023. Before filing, review the report thoroughly to be sure it is complete and accurate.

I want to extend my personal appreciation to Food & Commercial Workers Local 900C 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,



Senior Investigator

cc: Mr. Ivory Scott, Secretary Treasurer
Ms. Alejandrina Vela, former Secretary Treasurer