



August 4, 2010

Ms. Lorie Johnson, President
CRONA
499 Seaport Court
Suite 202
Redwood City, CA 94063

Case Number: [REDACTED]
LM Number: 513802

Dear Ms. Johnson:

This office has recently completed an audit of CRONA 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 on July 8, 2010, 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 CRONA's 2009 records revealed the following recordkeeping violations:

1. Disposition of Property

CRONA did not maintain an inventory of office furniture, office equipment, and other property it purchased, sold, or gave away. The union must report the value of any union

property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

The union must record in at least one record the date and amount received from each sale of union property.

2. Salary Records

CRONA did not retain adequate documentation for salary payments to [REDACTED] and [REDACTED]. Specifically, at least six time cards were missing for [REDACTED] and [REDACTED]. Additionally, two salary statements from ADP were missing. The union must maintain records in support of wage claims that identify each date the individual was working, the number of hours worked on each date, the applicable rate of pay, and a description of the union business conducted.

Based on your assurance that CRONA will retain adequate documentation in the future, 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 CRONA for fiscal year ending December 31, 2009, was deficient in the following areas:

1. CRONA failed to report one certificate of deposit in Column A (beginning of the fiscal year) of Item 22 (Cash) on Statement A (Assets and Liabilities), but properly included it in Column B (end of the fiscal year). The LM-2 requires all of the labor organization's cash on hand and on deposit at the start and end of the reporting period be included in Columns A and B, respectively, of Item 22. Cash on deposit includes funds in banks, credit unions, and other financial institutions, such as checking accounts, savings accounts, certificates of deposit, and money market accounts.
2. The union failed to report two investments valued at \$137,536.74 and \$202,422.19 on Schedule 5 (Investments) of the LM-2. The LM-2 requires that details of all the labor organization's investments at the end of the reporting period, other than U.S. Treasury securities, be reported in Schedule 5.

I am not requiring that CRONA file an amended LM-2 report for 2009 to correct the deficient items, but CRONA has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to CRONA for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the

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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,



Investigator

cc: Ms. Jolivette Enriquez, Treasurer