



December 3, 2018

Ms. Olga Miranda, President
SEIU Local 87
240 Golden Gate Ave
San Francisco, CA 94102

Case Number: 530-6012215
LM Number: 034951

Dear Ms. Miranda:

This office has recently completed an audit of SEIU Local 87 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 November 2, 2018, 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 87's 2016 records revealed the following recordkeeping violations:

1. General Expenses

Local 87 did not have a receipts for \$9,000 paid to Kitchen Cabinet Public Affairs.

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. Credit Card Expenses

Local 87 did not retain adequate documentation for credit card expenses incurred by Vice-President Ahmed Abozayd totaling at least \$5,000. For example, there were no receipts for various gas, parking, and toll charges totaling over \$2,000 in 2016.

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.

3. Lack of Salary Authorization

Local 87 did not maintain records to verify that the salaries reported in Schedule 12 (Disbursements to Employees) of the LM-2 was the authorized amount and therefore was correctly reported. The union must keep a record, such as meeting minutes, to show the current salary authorized by the entity or individual in the union with the authority to establish salaries.

Based on your assurance that Local 87 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 Local 87 for the fiscal year ended December 31, 2016, was deficient in the following areas:

1. PAC Funds

Item 11 [LM-2] (During the reporting period did your organization have a political action committee (PAC) fund?) was correctly answered, "Yes," but additional required information was not provided. As stated in the LM-2 report instructions, Local 87 is required to provide the full name of the political action committee and the government agency with which the PAC report has been filed plus the relevant file number of the PAC.

This information for the PAC fund must be included in Item 56 of Local 87's LM report.

2. Acquire/Dispose of Property

Item 15 [LM-2] (During the reporting period did your organization acquire or dispose of any assets in any manner other than by purchase or sale?) should have been answered, "Yes," because the union gave tickets and toys totaling more than \$7,500 during the year. The union must identify the type and value of any property received or given away in the additional information section of the LM report along with the identity of the recipient(s) or donor(s) of such property. The union does not have to itemize every recipient of such giveaways by name. The union can describe the recipients by broad categories if appropriate such as "members" or "new retirees." In addition, the union must report the cost, book value, and trade-in allowance for assets that it traded in.

3. Failure to Itemize Disbursement or Correctly Report Itemized Disbursement

Local 87 did not properly report some "major" transaction(s) in Schedule(s) 15-19. A "major" transaction includes any individual transaction of \$5,000 or more or total transactions to or from any single entity or individual that aggregate to \$5,000 or more during the reporting period and which the local cannot properly report elsewhere in Statement B.

The audit found that Local 87 paid Global Interpretation \$13,270 did not list the vendor as itemized payee. Local 87 reported paying Transtar Accountancy \$31,100 but the vendor only received \$10,000. Local 87 also reported that it paid Abdo Hadwan \$26,000 as an itemized payee which was not be substantiated because all payments to Hadwan were included in Schedule 12 (Disbursement to Employees).

4. Failure to Itemize Payer

Local 87 received a \$5,000 donation from a supplier for the union's holiday party. Each receipt of the labor organization must be allocated to one of the receipt items in Statement B. Some of these items have backup schedules that require more detailed information. If a receipt does not conform to one of the defined items in Statement B it must be included in Schedule 14 (Other Receipts) in which any "major" receipts during the reporting period must be separately identified. A "major" receipt includes: 1) any individual receipt of \$5,000 or more; or 2) total receipts from any single entity or individual that aggregate to \$5,000 or more during the reporting period.

5. Failure to Report Other Receipts

Local 87 received over \$5,000 in Six Flags ticket sales from several officers and members but only reported that it received dues, interest, and rent. Amounts received in ticket sales, plus the refund from unsold tickets of \$2,150, should have been reported in Schedule 14, line 3.

Based on your assurance that Local 87 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above reporting violations.

Other Violations

The audit disclosed the following other violation(s):

1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. Local 87's officers and employees did not have any bond since at least in 2016 and must be bonded for at least \$333,637.

However, the union obtained adequate bonding coverage and provided evidence of this to OLMS during the audit. As a result, OLMS will take no further enforcement action regarding this issue.

I want to extend my personal appreciation to SEIU Local 87 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