

**U.S. Department of Labor**

Office of Labor-Management Standards  
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January 23, 2025

Mr. Gregg Borden, Treasurer  
Staff Union, CA Higher Education (CHESU)  
1110 K Street  
Sacramento, CA 95814

Case Number: 530-6029974( )  
LM Number: 516571

Dear Mr. Borden:

This office has recently completed an audit of CHESU 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 January 22, 2025, 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.

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 CHESU for the fiscal year ended December 31, 2024, was deficient in the following areas:

1. CHESU did not include over \$200 in a check disbursed in 2023. CHESU reported disbursements as shown on the 2023 bank statement which resulted in underreporting disbursements by at least \$200. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money. Under Statement B, disbursements must be recorded when money is actually paid out by the labor organization, not when it is processed by the bank. CHESU has agreed to report disbursements as they are disbursed on future LM reports.
2. The union reported that it did not change its bylaws in 2023 but the bylaws were amended in 2023 to add an officer position. The union will answer the question correctly in the future and submit the amended bylaws with the next LM-3 report.
3. Grievance Enforcement Officer V. Jesse Smith should have been included in Item 24. He did not receive any disbursements in 2023. The union will include all officers on the LM-3 report in the future.

I am not requiring that CHESU file an amended LM report for 2023 to correct the deficient items, but CHESU has agreed to properly report the deficient items on all future reports it files

with OLMS. CHESU has also agreed to file all future reports electronically.

Other Violations

The audit disclosed the following other violation:

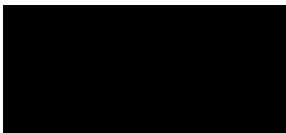
1. Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding). The union has a Commercial Crime policy that only appears to insure for coverage for employee theft. Forgery and alteration are not covered. The union will obtain a labor bond or coverage for all losses caused by acts of fraud or dishonesty by officers, employees, or other representatives.

CHESU should obtain adequate bonding coverage for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than February 21, 2025.

I want to extend my personal appreciation to CHESU 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