



July 8, 2019

Mr. Steven Ellis, President
Independent Oil & Chemical Workers
P.O. Box 246656
Sacramento, CA 95824

Case Number: 530-6015750 [REDACTED]
LM Number: 054313

Dear Mr. Ellis:

This office has recently completed an audit of the Independent Oil & Chemical Workers Union 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 Treasurer Tony Kwong on July 8, 2019, the following problem was disclosed during the CAP. The matter listed below is not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Other Violation

The audit disclosed the following other violation:

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.

The audit revealed that the amount of union's bond is sufficient. However, the bond includes a deductible, which is a form of self-insurance that fails to meet the bonding requirements of the LMRDA. In addition, the bond provided coverage for only President Steven Ellis and Safety Officer Sid Raney. Treasurer Tony Kwong who handled union funds during the audit year was not provided coverage. The bonding requirements of the LMRDA requires that every officer must be bonded if he or she handles union funds. The union should obtain a bond without a deductible which includes coverage for Treasurer Tony Kwong and any other union officers who may handle union funds in the future. Please provide proof of bonding coverage without a deductible and with the inclusion of coverage for Treasurer Tony Kwong and any other union officers if warranted to this office as soon as possible, but not later than July 31, 2019.

I want to extend my personal appreciation to the Independent Oil & Chemical Workers Union for the cooperation and courtesy extended during this compliance audit. I strongly recommend

Mr. Steven Ellis

July 8, 2019

Page 2 of 2

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 solid black rectangular box used to redact the signature of the investigator.

Investigator