



June 13, 2024

Mr. Gil Millian, President
Caregivers and Healthcare Employees Union (CHEU)
1155 Grand Avenue, Suite 100
Oakland, CA 94612

Case Number: 530-6026268()
LM Number: 542207

Dear Mr. Millian:

This office has recently completed an audit of Caregivers and Healthcare Employees 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 on March 20, 2024, 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 CHEU for the fiscal year ended June 30, 2022, was deficient in that it incorrectly reported in Statement B item 36 that CHEU received \$1,044,021 in dues and agency fees. However, CHEU should have reported \$747,530 in dues and agency fees. Statement B item 36 should only include dues received directly by the organization from members, dues received from employers through a checkoff arrangement, and dues transmitted to the organization by a parent body or other affiliate.

I am not requiring that CHEU file an amended LM report for 2022 to correct the deficient items, but CHEU has agreed to properly report the deficient items on all future reports it files with OLMS.

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. The bond may not have a deductible since that is a form of self-insurance.

CHEU's officers and employees are currently bonded for \$500,000, but with a \$5,000 deductible. Self-insurance by the union, in whole or in part, fails to meet the bonding requirements of the LMRDA. A union may not deposit its own funds with a surety company to pay for losses or to compensate a surety company for losses sustained under a bond.

CHEU should obtain adequate bonding coverage without a deductible for its officers and employees immediately. Please provide proof of bonding coverage to this office as soon as possible, but not later than July 1, 2024.

I want to extend my personal appreciation to CHEU 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: Nicole Daro, Esq.