

Communications

District I: Santa Clara, San Mateo,
Santa Cruz Counties

District II: San Benito, Monterey,
San Luis Obispo Counties



Workers of America

LOCAL 9423 – AFL-CIO
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COMMITTEE REPORT ON FINANCIAL MISCONDUCT

FORMATION: At the direction of the President and Executive Board of CWA Local 9423, this committee was formed. The committee was explicitly granted autonomy from the outside influence of any officer of the Local in order to fulfill the duty of which it was commissioned.

SCOPE: The committee was assigned to investigate allegations from members of financial misconduct in the Local and to return a report to be submitted to the Executive Board and membership of the Local. This is a non-partisan committee, and all findings are based on concrete facts which are supported by actual documents and first-hand accounts.

BACKGROUND: On or about June of 2021, concerns were raised after the President and the Executive Board discovered that CWA Local 9423's savings seemed to inexplicably decrease from \$108,710.05 (5/18/18) down to \$48,567.69 (6/30/21). Additionally, Secretary-Treasurer Monica Alvarado raised concerns that President Robert Hogue had charged the Local inappropriately for mileage. Furthermore, former President Jason Hall filed charges against the entire Executive Board because a hard copy of the annual budget was not mailed to members prior to the budget explanation meeting for the 2022 budget. To investigate these concerns, this committee was given access to the bank records, Executive Board Minutes, Executive Board members themselves, and all other evidence and documentation (i.e., emails, bills, etc.) to investigate all claims thoroughly. Key witnesses were asked to interview before the committee. This included President Robert Hogue, Secretary-Treasurer Monica Alvarado, and former Local President Jason Hall. Both Mrs. Alvarado and Mr. Hall declined an interview with the committee. President Hogue was interviewed.

FINDINGS

Allegation of Inappropriate Mileage Claims by President Hogue: The allegation that President Robert Hogue inappropriately charged the Local for mileage is unfounded.

It is appropriate for Officers to charge mileage to the Local when commuting in a personal vehicle for Union business in accordance with the CWA local policies and practices. It was alleged that Robert Hogue's mileage claims were potentially inappropriate. In response, President Hogue contacted the Department of Labor, which oversees unions and their expenses. [Exhibit #1] It is important to note that the Department of Labor has the ability to charge and arrest union officials when they are caught committing crimes such as embezzlement, which an accusation of falsifying mileage qualifies. Essentially, President Hogue requested the Department of Labor to investigate himself. No charges were filed, and the Executive Board reviewed all mileage vouchers for President Hogue at his request.

FINDING: NO VALIDITY TO THE ALLEGATION.

Allegations of failure to send Local Budget to Membership: The allegation has no merit and is unfounded. Former President Jason Hall filed charges against the Executive Board, alleging that they did not mail out a hard copy of the annual budget prior to the budget explanation meeting for 2022. This charge was evaluated for merit by CWA District 9, and it was found to have no merit for the following reasons:

- While it was true that Secretary-Treasurer Monica Alvarado failed to mail out a hard copy of the budget, they rescheduled the budget explanation meeting once the Executive Board became aware of this. Subsequently, a hard copy of the budget was sent out to the membership.
- Former President Hall never advised the Executive Board that he felt they had done anything wrong prior to filing charges against the Local, and the Local immediately corrected the oversight upon discovery.

FINDING: NO VALIDITY AS OVERSIGHT WAS TIMELY CORRECTED.

Allegations of Financial Misconduct: According to testimony given in President Hogue's interview: In or about February or March of 2021, President Hogue requested access to the Local's QuickBooks in order to review the Local finances for February/March time frame of 2021. Secretary-Treasurer Monica Alvarado refused to grant the President this access. The Executive Board directed Monica Alvarado to grant the President access to QuickBooks. [Exhibits #2, #3] In addition, President Hogue demanded bank records from Secretary-Treasurer Alvarado on 7/26/21. [Exhibit #4] All of these demands were ignored. According to President Hogue's testimony, he subsequently had to go to the bank in person to get the records. At this time, he confirmed the \$60,000 decrease in Local savings along with a number of additional facts. [Exhibits #5, #6 bank records for savings]

According to President Hogue, and supported by Executive Board minutes, President Hogue reported his findings to the Executive Board in his report at the Executive board meeting on 8-11-2021. President Hogue reported that he had discovered that the savings were down to \$48,567.69 This means that the Local had been deficit spending despite claims by previous Local President

Jason Hall and Secretary-Treasurer Monica Alvarado to the contrary. [Exhibits #5, #6] President Hogue testifies (supported by documentation) that he identified negligent actions on behalf of the Secretary-Treasurer that resulted in the loss of dues-payer monies. This includes Approximately 20 overdraft checks that had been written [Exhibits #7 through #16] and numerous bills that were not paid on time resulting in late fees. [Exhibit(s) #17 through #28]. Additionally, it was discovered that the Local amassed \$1100.00 in finance charges between 2018 and 2021 for its mail account (Pitney Bowes) [Exhibit(s) #29]. Also discovered were late credit card payments from 3/21, 5/21, 9/21 [Exhibit(s) #17, #18, #19]. By not paying the credit card balance off each month, the result was \$1227.58 in unnecessary finance charges for 2021 [Exhibit(s) #20]. This pattern extended back to 2020 and 2019. In 2020 the Local credit card was paid late on 1/20, 3/20, 6/20, 7/20, and 12/20 [Exhibit(s) #21, #22, #23, #24, #25]. by failing to pay the balance off each month in 2020 the result was \$1800.42 in unnecessary finance charges [Exhibit(s) #26]. In 2019 the Local credit card was paid late 12/19 [Exhibit(s) #27]. By failing to pay the balance of the credit card off each month, the result was \$1261.96 in unnecessary finance charges [Exhibit(s) #28].

During his interview, President Hogue stated that at the Executive board meeting in August of 2021, Secretary-Treasurer Alvarado misled the Executive Board when asked about deficit spending and whether NSF checks had been written. Summarily, the statements alleged to be untrue were a) the Local had not been deficit spending, b) that there had been no NSF checks written, c) that the balance in the Local savings account was approximately \$75,000. WITNESSES: Jason Childs, Jerome Yabut, Robert Hogue, John Butler, John Menti, Courtney Hawkins, Carlos Tikay, James Pimentel, Chris Friesch. President Hogue sent out a group text with a screenshot showing the Local balance of \$48,567.69 [Exhibit(s) #6] to prove he was honest in his report. Documents provided, and witness interviews in evidence correlate with Robert Hogue's claims and show that Secretary-Treasurer Alvarado's statements at the time were untruthful.

Furthermore, President Hogue stated during his interview, "It is the duty Secretary-Treasurer to 'pay all of the bills of the Local' per CWA Local 9423 bylaws. [Exhibit #29]. As such, despite the question of diminishing bank accounts, the Local had the funds to pay off the credit card each month. [Exhibits #5, #6] In addition, President Hogue explained that Secretary-Treasurer Alvarado also had the ability to electronically transfer funds from savings to checking. Documents in evidence substantiate this. [Exhibits #30, #31, #32, #33].

President Hogue continued to explain to the committee that when Mrs. Alvarado was questioned regarding these deficiencies or other matters regarding her role as Secretary-Treasurer, she has been dishonest, evasive, or refused to answer the questions. When asked for examples, President Hogue cited an Executive Board meeting in November of 2021 in which Monica was asked by Executive Board members Edwin Guadamuz and John Menti why she had not complied with the Executive motion which directed her to provide President Hogue with access to the Local QuickBooks. Monica stated she would provide this by the end of that month. According to President Hogue, he was never provided access, resulting in significant expense to the Local due to subsequent litigation costs in pursuing access to Local 9423's accounting records. [Witnesses: Jason Childs, Jerome Yabut, Robert Hogue, John Butler, John Menti, Courtney Hawkins, Edwin Guadamuz, Carlos Tikay, James Pimentel, David Bevans, Chris Friesch.]

At the conclusion of President Hogue's interview, President Hogue felt compelled to add that Mrs. Alvarado's actions continue to impact 9423. He added the following example: During the October 2022 Executive Board meeting, Edwin Guadamuz questioned Secretary Alvarado as to why she had refused to provide QuickBooks access. Secretary Alvarado stated she felt the question was harassing her and told Edwin Guadamuz to "ask my lawyer," referring him to her lawyer and refusing to answer an Executive Board member's question. Robert states this is significant because the question being asked related to Local funds in the thousands of dollars being spent on attorney's fees. [Witnesses: Jason Childs, Robert Hogue, John Butler, John Menti, Courtney Hawkins, Edwin Guadamuz, Carlos Tikay, James Pimentel, David Bevans, Chris Friesch.]

CONCLUSION

We, the members of the committee, have arrived at the following conclusions:

- It is a fact, proven through financial documents, that Secretary-Treasurer Monica Alvarado has been negligent in her duties. Documents dating back to 2019 show that Secretary-Treasurer Alvarado did, in fact, write NSF checks to the Local's checking account. This resulted in thousands of dollars in overdrafts against CWA Local 9423's checking account. Furthermore, although the 9423 banking accounts had been inexplicably decreasing, Mrs. Alvarado had the ability to transfer funds into the checking account. Evidence shows she had the authority to do so, the Local had the funds in savings, and she demonstrated the knowledge of how to execute electronic and telephone transfers if needed.
- It is a fact, proven through financial documents, that Secretary-Treasurer Alvarado neglected various bills of the Local incurring thousands of dollars in late fees and finance charges. Considering that there are times when extenuating circumstances occur, such as something being lost in the mail, etc., the frequency of these occurrences was not isolated. Whether willful or accidental, these additional expenses could have been avoided, and the lost funds put to practical use.
- As Secretary-Treasurer, Mrs. Alvarado had a fiduciary and ethical duty to report to the Executive Board and, subsequently, the 9423 membership regarding any financial inconsistencies, disparities, and anomalies. This includes deficit spending and other financial improprieties. Mrs. Alvarado's consistent failure to report the finances of the Local accurately and truthfully for as long as she did calls into question whether her actions were an intentional attempt to cover up breaches of duty. Monica's constant and persistent refusal to provide Local President Hogue access to the Local's accounting books only serves to further cast suspicion of other nefarious financial activities beyond what is proven through documentation and first-hand testimony.
- This committee finds that former President Jason Hall is complicit in the dereliction of fiduciary duty. President Hall either knew or should have known of the overdraft checks, deficit spending, and late bills. In a letter to the membership, which went out in the Executive Board minutes for 10/14/20 [Exhibit #34], former President Hall assures the membership that "...as far as he can tell, our finances are in order..." Financial documents from his presidency, reviewed by the committee, show this was an inaccurate statement. Mr. Hall, through either obliviousness, disregard, and failure to act, allowed the fiscal impropriety to persist for years during his Presidency. Either is unacceptable from a

President of the Local responsible for the well-being of 9423 and its members. It is important to note that both Jason Hall and Monica Alvarado were offered the opportunity to interview before the subcommittee, provide evidence in support of their allegations against 9423, and defend allegations against them. Both declined those opportunities with this committee.

- The committee finds that the allegations levied against President Hogue, and the officers of 9423 are unfounded. Conversely, this committee finds, through testimony and documents submitted as evidence, that Former President Jason Hall and Secretary-Treasurer Monica Alvarado are responsible for fiscal improprieties that not only erode the faith of our members in our stewardship of their dues monies but also serve to possibly place our Local in disrepute. The current President and Executive Board have taken steps to ensure these actions will not be repeated. As reported by President Hogue, these actions include:
 - Creation of an electronic bill-paying account called bill.com.
 - President Hogue has implemented bank controls so that it takes two officers to approve transfers of funds.
 - Through consistent and diligent financial management, the Local's savings and checking accounts have increased during the last two years.
 - For increased transparency, the finances or banking information is presented at every Executive Board meeting.
- This committee finds that due to her proven inability to carry out the duties of Secretary-Treasurer and the risk posed to the financial stability and reputation of 9423, appropriate actions should be taken against Monica Alvarado.

Committee Members:

Courtney Hawkins

Dave Gonzales

Ed Vallejo

Francisco Rivas

Ricky Alcalá

Wibert Wright

We hereby swear and affirm this statement is true and correct to the best of our knowledge.

Signed by Committee chair, Courtney Hawkins.



Courtney Hawkins (Dec 30, 2022 14:12 PST)

EXPLANATION OF EVIDENCE EXHIBITS

Exhibit #1: This is an email from President Hogue to the Department of Labor investigator. In which he informs her he has been accused of violations that would be worthy of criminal prosecution.

Exhibit #2 This is the Executive Board minutes from 9/8/21 showing the motion which directed Secretary Alvarado to provide the President with access to QuickBooks. Every Executive Board member voted yes except Alvarado, who did not want to provide the President with access to the Local's books.

Exhibit #3 This is the actual motion presented by Vice President David Bevans.

Exhibit #4 This is the email from President Hogue to Alvarado demanding bank statements that were never provided by Alvarado (7/26/21)

Exhibit #5 This was the bank account balance reported by Alvarado to the Executive Board in May of 2018 (5/9/18)

Exhibit #6 This is the ACTUAL bank statement showing that on 6/30/21 the Local only had \$48,571.68 in the savings account.

Exhibits #7-18 These are actual bank records showing the NSF checks drafted by Secretary-Treasurer Alvarado.

7) This letter from the bank, dated 1/30/19 shows that the available checking balance of \$187.79 was not sufficient to pay three checks totaling \$880.96 check's #21484 #21494 # 21486. This shows an overdraft balance of 693.17

8) This letter from the bank, dated 4/11/19 shows that the available balance of \$8.02 was not sufficient to pay four checks totaling \$3829.55 check #21525, #21522, #19254, #21530. This shows an overdraft balance of \$3,821.53

9) This letter from the bank, dated 7/25/19 shows that the available balance of \$0.00 was not sufficient to pay check #19327 for \$244.00 resulting in an overdraft balance of \$274.00

10) This letter from the bank, dated 12/13/19 shows that the available balance of \$8,377.69 was not sufficient to pay check # 19441 for \$16,230.16 resulting in an overdraft balance of \$7,882.48

11) This letter from the bank, dated 3/20/20 shows that the available balance of \$1,791.92 was not sufficient to pay check # 19516 for \$3,500.00 resulting in an overdraft balance of \$1,708.08

12) This letter from the bank, dated 3/23/20 shows that the available balance of \$60.00 was not sufficient to pay three checks totaling \$820.28 check# 21673, #19517, #19508 resulting in an overdraft balance of \$760.28

13) This letter from the bank, dated 3/24/20 shows that the available balance of \$0.00 was not sufficient to pay four checks totaling \$842.95 check #19515, #19511, #19502, #19521 resulting in an overdraft balance of \$842.95

14) This letter from the bank, dated 4/1/20 shows that the available balance of \$512.68 was not sufficient to pay check ACH \$8658.62 resulting in an overdraft balance of \$8,145.94 *ACH is an over the phone check.

15) This letter from the bank, dated 4/1/21 shows the available balance was not sufficient to pay check #21741 resulting in an overdraft balance of \$10,408.64

16) This letter from the bank, dated 4/29/21 shows the available balance was not sufficient to pay check #21750 resulting in an overdraft balance of \$2,425.14

Exhibit #17 This is the credit card statement for March 20, 2021 showing not only did the Local carry over balance but that we were charged #35.00 as a late fee.

Exhibit #18 This is the credit card statement for May 20, 2021 showing not only did the Local carry over balance but that we were charged #35.00 as a late fee.

Exhibit #19 This is the credit card statement for July 27, 2021 showing not only did the Local carry over balance but that we were charged #35.00 as a late fee.

Exhibit #20 This is the credit cards summary for 2021 showing that the Local paid \$1227.58 in interest charges in 2021. The cards were used to make \$7,005.11 in purchases while paying an additional \$1227.58 in finance charges.

Exhibit #21 This is the credit card statement for January 20, 2020 showing a carry over balance and a \$35.00 late fee

Exhibit #22 This is the credit card statement for March 20, 2020 showing a carry over balance and a \$35.00 late fee

Exhibit #23 This is the credit card statement for June 20, 2020 showing a carry over balance and a \$35.00 late fee

Exhibit #24 This is the credit card statement for July 20, 2020 showing a carry over balance and a \$35.00 late fee

Exhibit #25 This is the credit card statement for December 20, 2020 showing a carry over balance and a \$35.00 late fee

Exhibit #26 This is the credit card summary for 2020 showing that the Local paid \$1800.42 in interest charges in 2020. The cards were used to make \$8679.08 in purchases while paying an additional \$1800.42 in finance charges.

Exhibit #27 This is the credit card statement for December 20, 2019 showing a carry over balance and a \$35.00 late fee

Exhibit #28 This is the credit cards summary for 2019 showing that the Local paid \$1261.96 in interest charges in 2019. The cards were used to make \$6,287.15 in purchases while paying an additional \$1261.06 in finance charges.

Exhibit #29 This is a spreadsheet reflecting the total of finance charges and late fees for Local postage paid between 2018 and 2021. Fees totaling \$1,111.64 due to Secretary Treasurer Alvarado not paying the bill off each month as the Local bylaws mandate.

Exhibit #30 This is an email from the Assistant Vice President of the bank explaining that Alvarado had access to online banking from the time the account was opened. Relevance: This proves that Alvarado could have checked the account balances at any time and transferred funds to the checking account to cover the checks she drafted.

Exhibits #31,#32 These exhibits show that there were times Alvarado did transfer funds electronically. Relevance: Aware of how to conduct the process.

Exhibit #33 This exhibit is an email from the Assistant Vice President to the bank explaining the times Alvarado had transferred funds electronically or via telephone from savings to checking. Relevance: Aware of how to conduct the process.

Exhibit #34 This exhibit is the Executive Board minutes from October 2020. In the report/letter from Jason Hall, he acknowledges there have been concerns over the Local finances, but he assures the membership that the Local's finances are in order.