



January 19, 2024

Ms. Jessie Merritt, President
TEACHERS AFL-CIO, FEDERATION OF NJARC
STAFF Local 3782
P.O. Box 601
Long Branch, NJ 07740
VIA REGULAR MAIL AND ELECTRONIC MAIL

Case Number: 140-6027686
LM Number: 543692

Dear Ms. Merritt:

This office has recently completed an audit of Teachers AFL-CIO, Federation of NJArc Staff Local 3782 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, Local 3782 Vice President Regina McGrath, Local 3782 Secretary Magdalena Aders, NJ-AFT Assistant to the President Ryan Williamson, and NJ AFT Northeast Regional Assistant Director Robert Fairbanks on January 16, 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.

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 3782's 2023 records revealed the following recordkeeping violations:

1. General Reimbursed and Other Expenses

Local 3782 did not retain adequate documentation for reimbursed and other expenses incurred by you totaling at least \$5,279.16. For example, there was no documentation for a check issued to you on March 10, 2023 in the amount of \$469.87 for “membership meeting.” You explained this was a reimbursement for a purchase made with your personal credit card for food from Shop Rite grocery store for a membership meeting.

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. Meal Expenses

Local 3782 did not require officers and employees to submit itemized receipts for meal expenses totaling at least \$64.84. The union must maintain itemized receipts provided by restaurants to officers and employees. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

Local 3782 records of meal expenses did not include written explanations of union business conducted or the names and titles of the persons incurring the restaurant charges. For example, a check issued to you on June 28, 2023 in the amount of \$64.84 for “reimbursement – e-board” did not include an explanation of the union business conducted or the names and titles of persons incurring the charges. You explained, and Secretary Aders confirmed, this was a reimbursement for meals you purchased with your personal funds at a hamburger shop during an executive board meeting.

Union records of meal expenses must include written explanations of the union business conducted and the full names and titles of all persons who incurred the restaurant charges. Also, the records retained must identify the names of the restaurants where the officers or employees incurred meal expenses.

3. Failure to Record Receipts

Local 3782 did not maintain any union record of its receipts. Union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money.

You explained Local 3782 has been without a treasurer for several years, and the current executive board intends to appoint one soon, who will be charged with maintaining records. Based on your assurance that Local 3782 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

Reporting Violations

1. Failure to File LM Report/Delinquent Filings

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-2/3/4) for the fiscal year ended June 30, 2023, has not been filed.

LM reports must be filed within 90 days after the end of your organization's fiscal year. The law does not authorize the U.S. Department of Labor to grant an extension of time for filing reports for any reason. The president and treasurer or the corresponding principal officers of the labor organization required to sign the LM reports are personally responsible for its filing and accuracy. Under the LMRDA, officers are subject to criminal penalties for willful failure to file a required report.

2. Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 3782's constitution and bylaws, dated November 17, 1995, were not on file.

Local 3782 must file the Form LM-2/3/4 for the fiscal year ended June 30, 2023, as well as its current constitution and bylaws, as soon as possible but no later than February 19, 2024. The report must be filed electronically using the Electronic Forms System (EFS) available at the OLMS website at www.olms.dol.gov. Before filing, review the report thoroughly to be sure it is complete and accurate.

Other Issue

Two-Signature Requirement

During the audit, you advised that you use cashier's checks from the bank to pay for expenses because the local has been without a treasurer for 3 or 4 years and the checking account checks require two signatures. You advised new officers were elected in December 2022, but the local remained without a treasurer as of at least November 2023.

Article VI, Section 1(h) of the Local 3782 Bylaws provides the president shall co-sign all checks with the treasurer or vice-president. The two-signature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. OLMS recommends that Local 3782 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Teachers AFL-CIO, Federation of NJArc Staff

Local 3782 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,

[REDACTED]

cc: Ms. Regina McGrath, AFT Local 3782 Vice President
Ms. Magdalena Aders, AFT Local 3782 Secretary
Ms. Yhasmine Bryan, AFT National Auditor
Mr. Ryan Williamson, AFT-NJ Assistant to the President
Ms. Stephanie Baxter-Jenkins, AFT Northeast Regional Director
Mr. Robert Fairbanks, AFT Northeast Regional Assistant Director