

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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January 20, 2009

Nick Zawacki, President  
Teachers AFL-CIO  
ARCEU Local Union 4265  
7401 Buffalo Avenue  
Niagara Falls, NY 14304

LM File Number: 517-006

Case Number: [REDACTED]

Dear Mr. Zawacki:

This office has recently completed an audit of the Teachers Local 4265 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, secretary Paul Templin, treasurer Nancy Seiwel and incoming treasurer Beth Humphrey on January 15, 2009 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 Violation

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 4265's 2007/2008 records revealed the following recordkeeping violation:

#### General Expense

Local 4265 did not retain adequate documentation for a general expense incurred by union officers totaling \$277.77. Local 4265 failed to provide adequate supporting documentation for a Sam's Club purchase of supplies. This was the only Sam's Club purchase that Local 4265 did not have a receipt for.

As previously 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.

Based on your assurance that Local 4265 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

#### Reporting Violation

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-3 filed by Local 4265 for fiscal year ending September 30, 2008, was deficient in that:

#### Cash Reconciliation

It appears that the cash figures reported in Item 25 are not the cash figures according to the union's books after reconciliation to the bank statements. The instructions for Item 25 state that the union should obtain account balances from its books as reconciled to the balances shown on bank statements. Specifically the local did not include its savings account activity on the report.

Local 4265 must file an amended Form LM-3 for fiscal year ending September 30, 2008, to correct the deficient items discussed above. The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than February 20, 2009. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

Additionally Local 4265's LM-3 report for fiscal year ending 09/30/2007 was inaccurate as the local failed to report any information in Item 25 (B) (Cash at the End of Reporting Period). OLMS is not requiring an amended report for this period.

#### Other Issue

## Inventory of Fixed Assets

As discussed with you during course of the compliance audit and during the exit interview, it is recommended that the union maintain an inventory list of its assets. An inventory list will help you identify, account for, and determine the total value of your union's fixed assets. Upon completion of such a list I ask that you forward a copy to OLMS.

I want to extend my personal appreciation to Local 4265, for their 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 be of any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Nancy Seiwel, Treasurer  
Paul Templin, Secretary  
Beth Humphrey, Incoming Treasurer  
DeMarco & Company Incorporated