



May 8, 2014

Ronald Zhao, Treasurer  
American Association of University Professors, Faculty  
Association of Monmouth University  
400 Cedar Avenue  
West Long Branch, NJ 07764

Case Number: 130-1315402  
LM Number: 504905

Dear Professor Zhao:

This office has recently completed an audit of American Association of University Professors, Faculty Association of Monmouth University (FAMU), 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, President Katherine Parkin, and Comptroller Michael Phillips-Anderson on April 3, 2014, 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.

#### Record Keeping Violations

Title II of the LMRDA establishes certain reporting and record keeping requirements. Section 206 requires, among other things, that adequate records be maintained 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 all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipients of the goods or services.

1. Negotiation payments, stipends, and purchases of gifts  
During the audit, I advised you that authorization of the payments to officers and members for participation in negotiations, amounts of stipends for officers, and purchases of gifts could not be found in the union records. The appropriate governing body under your bylaws must formally authorize such payments, and you must retain clear meeting minutes or other records of these authorizations.
2. Conclusion of Record Keeping Violations  
As agreed, provided that FAMU maintains adequate documentation for its disbursements in the future, no additional enforcement action will be taken regarding this violation.

### Reporting Violations

The CAP disclosed a violation of LMRDA Section 201(b) because the Labor Organization Annual Report (Form LM-3) filed by FAMU for the fiscal year ending June 30, 2013, failed to meet the standards of acceptability.

The following deficient items were identified:

1. Assets

Cash at the beginning of the fiscal year was incorrectly reported as \$94,938, when the actual amount was \$92,748. Cash at the end of the year was incorrectly reported as \$45,217, when the actual amount was \$106,383.

2. Receipts

Your receipts were under-reported by \$54,881 because you failed to include a check that you received for that amount in May of 2013 from Monmouth University for three years of non-member association fees.

3. Disbursements

Your disbursements were over-reported by \$8,475 because you erroneously included a check for that amount that had been written at the end of the previous fiscal year.

4. Conclusion/resolution of reporting problems

It will be necessary for FAMU to file an amended LM-3 report for the fiscal year ending June 30, 2013. The necessary reporting form and instructions are enclosed for your use. You may also use the new electronic forms software available from OLMS to complete the amended report. One copy of the amended report should be submitted to this office at the above address as soon as possible, but no later than June 9, 2014. Before mailing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

### Other Issues

1. Failure to File Bylaws

The CAP disclosed a violation of LMRDA Section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. There is no record of FAMU ever having filed its local constitution and bylaws. It will be necessary for you to file a copy of your current constitution and bylaws along with your amended LM-3 report for the fiscal year ending June 30, 2013.

2. Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding) which requires that the union's officers and employees be bonded for no less than 10% of the total funds handled by those individuals or their predecessors during the preceding fiscal year. Such bonding must provide protection against financial loss arising from fraudulent or dishonest acts such as larceny, embezzlement, wrongful conversion, etc. Your current bond explicitly excludes coverage for financial loss arising from such acts. You must obtain proper bonding from a surety company that holds a grant of authority from the Secretary of the Treasury as an acceptable surety on Federal bonds. You may find a listing of approved surety companies on the Internet at <http://www.fms.treas.gov/c570/c570.html>. Please provide this office with evidence of proper bonding no later than June 9, 2014.

I want to extend my personal appreciation to American Association of University Professors, Faculty Association of Monmouth University 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: Katherine Parkin, President  
Michael Phillips-Anderson, Comptroller