



August 29, 2016

Mr. Peter Buckley, President
Teachers, Local 3163
Cooper Union Federation of College Teachers CUFCT)
7 East 7th Street
New York, NY 10003

Case Number: 130-6003715 [REDACTED]
LM Number: 506438

Dear Mr. Buckley:

This office has recently completed an audit of CUFCT Local 3163 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 Treasurer Claire Gunning and you on August 24, 2016, 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 CUFCT Local 3163's financial records revealed the following recordkeeping violations:

1. Failure to Maintain Bank Statements

CUFCT Local 3163 was not in possession of all of its 2014 monthly JP Morgan Chase Bank statements. The union obtained copies of the missing monthly statements from the bank during the audit.

2. Failure to Record Receipts

CUFCT Local 3163 did not record in its receipts records employer dues checkoff checks totaling at least \$33,000 from 2014 to 2016. For example, the employer, The Cooper Union for the Advancement of Science and Art (The Cooper Union), issued check [REDACTED] dated July 17, 2014, payable to CUFCT which was not deposited into the union's account. 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. The Treasurer acknowledged that the employer dues checkoff checks were not deposited. During the audit, The Cooper Union reissued the checks which were subsequently deposited by the union into its checking account.

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-3 filed by CUFCT Local 3163 for the fiscal year ended June 30, 2014, was deficient in the following areas:

1. The CUFCT Local 3163 is in violation of 29 U.S.C. 431(a) in that the union reported in Box 20 an amount of \$2,000,000 as the maximum amount recoverable under the union's fidelity bond coverage. However, the CUFCT Local 3163 had no existing bonding coverage during FY2014. The union is required to file an amended FY2014 LM-3 report no later than September 15, 2016, or further enforcement actions will be taken.
2. The CUFCT Local 3163 is in violation of 29 U.S.C. 431(b) in that the union has failed to file its annual report for fiscal year ending June 30, 2015. The union is required to file the delinquent FY2015 LM-3 report no later than September 15, 2016, or further enforcement actions will be taken.

The union was advised that the FY2016 LM-3 report is due by September 30, 2016, which is three calendar months after the current fiscal year ending of June 30, 2016.

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 CUFCT's officers are currently not bonded, but must be bonded for at least \$10,000.

Adequate bonding coverage of at least \$10,000 must be obtained no later than September 15, 2016, or further enforcement actions will be taken.

I want to extend my personal appreciation to CUFCT Local 3163 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,



Investigator

cc: Ms. Claire Gunning, Treasurer
Ms. Loretta Johnson, AFT Secretary-Treasurer