



March 29, 2017

Mr. Cedomir Medic, President  
Quaker Independent Union  
314 Sussex Street, 2nd Floor  
Harrison, NJ 07129

Case Number: 130-6009432  
LM Number: 061766

Dear Mr. Medic:

This office has recently completed an audit of Quaker Independent Union 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 on March 24, 2017, 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 Quaker Independent Union's records for fiscal year ended on October 31, 2015 revealed the following recordkeeping violations:

1. Failure to Record Receipts and Receipt Dates

Quaker Independent Union did not record in its receipts records any of the employer dues checkoff checks totaling at least \$1,152.00 corresponding to years 2014 and 2015. For

example, employer check number [REDACTED] to the union, corresponding to member dues for calendar year 2014 was received, but there is no adequate record of this receipt as described above. Union receipts records must include an adequate identification of all money the union receives. The records should also show the date and amount received, and the source of the money.

In addition, Quaker Independent Union did not keep a receipts journal which reflected either the date the union deposited the money, or the date the money was received. The union must have receipts records that show both dates. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

2. Information not Recorded in Meeting Minutes

During the audit, you advised OLMS that the union dues are \$12.00 per month. However, the Quaker Independent Union dues as per the documents on file with OLMS show the union dues as \$5.00 per month. You mentioned dues were raised years ago during a meeting. Article XXI of Quaker Independent Union's constitution and bylaws require that an amendment to the constitution -such as raise in dues, in this case- be approved during a meeting. The union maintained no minutes of said meeting. Further, minutes of all membership or executive board meetings must report any disbursement authorizations made at those meetings.

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-4 filed by the Quaker Independent Union for the fiscal year ended October 31, 2015, was deficient in the following areas:

1. Mailing address

The mailing address reported by Quaker Independent Union past LM reports was the employer's. In this item the union must enter the current address where mail will most surely and quickly reach the labor organization. The first and last name of the person, if any, to whom such mail should be sent and any building and room number should be included.

2. Assets, Receipts and Disbursements

During the organizational interview you informed that the process by which Quaker Independent Union had arrived at the amounts for assets, receipts and disbursements for fiscal year ending October 31, 2015 differs from the one laid out in the reports' instructions. For example, amounts in dues remittances checks from the employer that were not deposited in time and expired were identified as receipts.

Assets to be reported include cash on hand and in banks, property, loans owed to the labor organization, investments, office furniture, automobiles, and anything else owned by the labor organization. Receipts, on the other hand, include dues, fees, fines, assessments, interest, dividends, rent, money from the sale of assets, and loans received by the labor organization. Finally, disbursements include net payments to officers and employees, per capita tax and any other fees or assessments which the labor organization paid to any other organization, payments for administrative expenses, loans made by the labor organization, and taxes paid.

3. Changes in constitution and bylaws or practices/procedures

During the organizational interview carried out during December 5, 2016 you stated the union does not follow the procedures established in its constitution and bylaws as filed with OLMS. For example, meetings are not carried out with the frequency established in Article X of the Quaker Independent Union's constitution and bylaws.

If a union has changed any of a number of key practices/procedures listed in the LM-4 instructions during the reporting period and the practices/procedures are not described in the labor organization's constitution and bylaws, the labor organization must file an amended Form LM-1 (Labor Organization Information Report) with its Form LM-4 to update information on file with OLMS.

Because Quaker Independent Union filed an amended Form LM-4 for the fiscal year ended October 31, 2015 to correct reporting violations on numbers one and two above I am not requiring the union file an amended LM-4 report. For reporting violation number three, regarding changes in constitution, and bylaws and practices/procedures, you mentioned the union would discuss changes on these documents in its next meeting during May 2017, keep sufficient minutes, and file the appropriate LM-1 report.

Other Violations

The audit disclosed the following other violation(s):

1. Failure to Hold Periodic Officer Elections

You stated Quaker Independent Union has never held union officer elections. Section 401(b) of the LMRDA requires local unions to hold officer elections at least every three years. During the interview you advised the union will mail members a letter during April 2017 in order to carry out a candidate nomination meeting in May 2017, as part the first step of the union's election process.

2. 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.

A reading of a bond the union had obtained during the audit process disclosed it insured employee benefit plan funds, but not union funds. You agreed to provide OLMS a copy of a bond or certificate of bond that complies with Section 502 of the LMRDA no later than May 1, 2017. As a result, OLMS will take no further enforcement action regarding this issue once said document is provided.

Other Issues

1. Failure to Deposit Dues Check-Off Checks

During our organizational interview on December 5, 2016 it was revealed that due to neglect the union had outstanding checks for dues checked-off by the employer for the period from January 2014 through December 2015 totaling \$1,152.00. These checks were not deposited in time in the union bank account or exchanged, and therefore expired and had to be reissued by the employer. Please note union fund receipts should be responsibly handled.

2. Check Signatories

During the audit, you advised that you are Quaker Independent Union's sole officer and indicated that no other officer reviews the checks before they are issued. Article XXVII of Quaker Independent Union's constitution and bylaws requires that checks be signed by at least two union officers. 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. Non-compliance with this provision negates the purpose of the two signature requirement. OLMS recommends that Quaker Independent Union review these procedures to improve internal control of union funds.

The proper maintenance of union records is the personal responsibility of the individuals who are required to file Quaker Independent Union's LM report. You should be aware that under the provisions of Section 209(a) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful failure to maintain records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. Under the provisions of Section 209(c) of the LMRDA and Section 3571 of Title 18 of the U.S. Code, willful destruction or falsification of records can result in a fine of up to \$100,000 or imprisonment for not more than one year, or both. The penalties provided in Section 209(c) and Section 3571 of Title 18 apply to any person who caused the violations, not just the individuals who are responsible for filing the union's LM report.

I want to extend my personal appreciation to Quaker Independent Union 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]

Investigator

cc:

[REDACTED]