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Unauthorised Use of Funds

Dear Owners Committee,

there are unauthorised payments in our latest accounts as presented at the 6.08.13 OCM. This is a matter of urgency for the Owners Committee to rectify and to prevent further financial losses. Please let me explain the facts of the matter in detail.

The AGM on 1.11.12 authorised a budget of \$16,059.80 for “Caretaker - Wages & Expenses”, an increase in line with the consumer price index. It is true that individual budget positions may be exceeded, but usually only where costs are unpredictable — such as for repairs. Otherwise, we are accountable towards the AGM to spend only what was budgeted.

Beginning early May, wage payments transferred to Katrina’s bank account have been changed by Graham. There are 5 entries in the “Statement of Receipts & Payments” under the heading “Caretaker’s Wages and Expenses”. While holiday pay, reimbursement for Telecom and ACC payments appear to be in order, what’s happening under account position “K James - Wages” are unauthorised money transfers. The cash amount of Katrina’s wages is \$829.73 per month in our previous accounts (for the 5 month period 1.10.12-28.2.13), totaling \$4,148.65. Accordingly, for the current 10 month account period 1.10.12-31.7.13, the sum of Katrina’s wages should have been twice as much, \$8,297.30. But the *actual payments made* are \$14,249.95, an unauthorised overpayment of \$5,952.65. This is serious!

The payment changes are clearly not an “accidental typing error in payment instructions”, but a *deliberate act*, since PAYE to IRD has also been recalculated to match the first change.

There has not been *any decision* regarding Katrina’s position/pay at recent OCMs. To the contrary, after I made an attempt to place a discussion of the major issues facing our crosslease onto our agenda (section 10.11 of my 18.01.13 discussion paper suggests a way forward to put our employment relationship with Katrina on a sound footing) and then proposed to you on 15.5.13 to convene an extraordinary “core OCM” (without BCA and Katrina), where such sensitive matters could be openly discussed, my initiative was declined by Graham and only met with silence by other e-mailed OCM members. I maintain that without a proper job description (including well-documented responsibilities, tasks, work hours, job oversight etc.)



and an actual job performance review measured against that job description, we completely lack the foundation to make any decision about the job or its fair remuneration.

The timing of events and boldness of Graham's actions in contempt of AGM and OCM decisions is significant and underscores his culpability. Section 10.10 (Financial Oversight) of my discussion paper documents the relevant facts how Graham uses his sole signatory role to our bank accounts to remain in defiance of our 18.10.11 OCM decision to grant me read access to online banking. At the heated 5.3.13 OCM, following the distribution of the discussion paper, Graham did not add any further reason, but only more volume to his voice when refusing with the words "this would require my signature and *I'm not willing* to provide that!" He conveniently disregarded the fact that proper decisions by the OCM rank *higher* than his personal will. After two more charged e-mails, Graham grudgingly sent me a spreadsheet of March transactions and one month later April transactions. The April transactions were sent on 14.5.13 with the words "I have decided that secretarial services should be provided by our Body Corporate Secretary. The information I have been providing you is obtainable from BCA". Interestingly, at the time he sent me this note, he already started the unauthorised payments, which remained hidden from my view until I had the chance to scrutinise our new accounts presented at our 6.8.13 OCM.

It is also interesting to note that even after the payment changes were made, Graham did not say a single word about it at our 6.8.13 OCM. My 11.08.13 e-mail enquiry with subject "Belvue - Payments to Katrina", sent to Graham and copied to all other OCM members reachable by e-mail (this excluded Anna and Len), has remained unanswered to date. Graham has never been *appointed to decide* on financial matters for our crosslease, he has only been *entrusted* more than a decade ago to operate the crosslease's bank accounts, assuming to pay only what's in line with decisions of the AGM and OCM. Making arbitrary payments beyond the budget limits set by the AGM, without any OCM involvement, is a gross misuse of trust. It appears, Graham doesn't see himself as accountable towards the OCM any more.

This is not a pretty picture: almost \$6,000 in unauthorised payments already gone by July, Graham refusing to communicate and most members of the OCM showing little interest in our financial matters. I'm asking you to carefully examine all facts about the issue and consider your duties towards our crosslease, which you committed to when you chose to accept your appointment to be part of the committee. The first action the OCM needs to take is to demand an immediate and full disclosure of all payments made to Katrina this budget year and the corresponding PAYE tax calculations, including a written response to the raised issues.

OCM members: please support my demand for answers by addressing Graham directly. This is just the first step. Graham: I'm challenging you to restore the unauthorised payments. Other steps may follow, failing satisfactory compliance.

Cheers,
Christoph

P.S.: This message is also sent by letter to Anna/Len.