

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Philadelphia District Office
170 S. Independence Mall West
Room 760
Philadelphia, PA 19106
(215)861-4818 Fax: (215)861-4819



March 21, 2008

Mr. Lonnie Spicher, Secretary Treasurer
Bakery, Tobacco & Grain AFL-CIO
Local 401 G
20 S. Main Street
Muncy, PA 17756

LM File Number 533-765
Case Number: [REDACTED]

Dear Mr. Spicher:

This office has recently completed an audit of Bakery Workers Local 401 G 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 Edward Blair and you on March 20, 2008, 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.

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 Local 401 G for fiscal year ending December 31, 2006, was deficient in the following areas:

1. Cash Reconciliation

The information reported in Item 25 A (Cash at the Start of the Reporting Period), Item 25 B (Cash at the End of the Reporting Period), Item 44 (Total Receipts), and Item 55 (Total Disbursements) conclude that your local's cash reconciliation was off by \$9,517. You had explained that there was computation error when totaling the disbursements for the fiscal year. You had ensured that this error will be annotated on the LM-3 report for fiscal year ending December 31, 2007.

2. Disbursements to Officers

Local 401 G did not include some reimbursements to officers in the amounts reported in Item 24 (All Officers and Disbursements to Officers). For example, you received approximately \$910.17 in allowances or other disbursement that should have been reported in Item 24, Column E. These allowances and other disbursements include, but are not limited to per diem allowances and due refund checks. It appears the union correctly reported amounts in Item 24, Column D (Gross Salary [before taxes and other deductions]), but the union failed to report any amounts in Item 24, Column E (Allowances and Other Disbursements) for any of the officers.

The union must report most direct disbursements to Local 401 G officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

3. Bonding

Local 401 G erroneously reported \$12,500 as the maximum amount recoverable under your organization's fidelity bond in Item 20. The local's maximum recoverable amount is \$15,000.

I am not requiring that Local 401 G file an amended LM report for 2006 to correct the deficient items, but Local 401 G has agreed to properly report the deficient items on all future reports it files with OLMS.

Other Issue

1. Retention of Voided Checks

The audit revealed that Local 401 G does not retain voided checks. Maintaining voided checks is an effective internal control that would verify if a particular check was actually voided and not outstanding.

2. Record of Lost-time Policy

As discussed during the exit interview, the audit revealed that Local 401 G does not have a written lost time policy outlining the circumstances under which officers and employees can receive lost time and lost overtime. President Blair and you agreed to include a written policy in the local's bylaws the next time they are amended or to document the specifics of the policy in the minutes of an upcoming membership meeting.

I want to extend my personal appreciation to Bakery Workers Local 401 G 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: President Edward Blair
Recording Secretary Steven Jackson

Mr. Lonnie Spicher
March 21, 2008
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