

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Cleveland District Office
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September 21, 2006

Mr. Vester Newsome, Financial Secretary-Treasurer
Bakery, Confectionery, Tobacco Workers and Grain Millers AFL-CIO
Local 57
555 East Rich Street
Columbus, Ohio 43215

Re: Case Number. XXXXXXXXXX

Dear Mr. Newsome:

This office has recently completed an audit of Bakery, Tobacco, and Grain Workers Local 57 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 September 11, 2006, 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.

The CAP 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-2) filed by Local 57 for fiscal year ending December 31, 2005 was deficient in the following areas:

Local 57 offset the disbursements and reimbursements on Schedule 11 (All Officers and Disbursements to Officers), Column F, Disbursements for Official Business and reported only the balance (net) as a disbursement. The disbursement should have been reported in Schedule 11 with the reimbursement reported is Schedule 14 (Other Receipts). Specifically, Financial Secretary Newsome received \$235 in unused expense payments, which were timely reimbursed to the Local. The amount reimbursed to the Local was netted against what was disbursed to Newsome. Since Statement B reports all cash flowing in and out of the labor organization, netting is not permitted.

Item 15 (Acquire or dispose of any assets in any manner other than by purchase or sale) should have been answered, "Yes," because the union traded in a vehicle during the

year. The type and value of any property traded in must be identified in the additional information section of the LM-2 report including the cost, book value, and trade-in allowance of the vehicle.

Schedule 4, Purchase of Investments and Fixed Assets, should have included the proper description of the automobiles purchased. In addition, the cost basis for the two automobiles presented on the LM-2 should have been at cost rather than at the net purchase price. Likewise, on Schedule 6, Column B and D should have presented the automobiles at cost rather than the net purchase price.

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 handled by those individuals or their predecessors during the preceding fiscal year. Adequate bonding coverage was obtained and documentation provided during the audit. No further enforcement action will be taken.

I am not requiring that Local 57 file an amended LM-2 report for 2005 to correct the deficient items, but as agreed, Local 57 will properly report the deficient items on all future reports filed with this agency.

I want to extend my personal appreciation to Bakery, Tobacco, and Grain Workers Local 57 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,

Fred Vaudrin
District Director