

**U.S. Department of Labor**

Employment Standards Administration  
Office of Labor-Management Standards  
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June 17, 2008

Mr. Doyle D. Townson, Financial Secretary Treasurer  
Bakery, Confectionery, Tobacco Workers & Grain Millers, Local 31  
450 Carson Plaza Dr., Suite #C  
Carson, CA 90746

LM File Number: 007-341  
Case Number: [REDACTED]

Dear Mr. Townson:

This office has recently completed an audit of Bakery, Confectionery, Tobacco Workers & Grain Millers, Local 31 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 and Administrative Assistant Blanca E. Velazquez on June 2, 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.

The audit disclosed:

#### 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-2 filed by Local 31 for fiscal year ending December 31, 2007, was deficient in the following area:

##### Failure to File Bylaws

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. Local 31 amended its constitution in 2006 and bylaws in 1989, but did not file a copy with its LM report for those years.

Local 31 has now filed a copy of its constitution and bylaws.

#### Other Issues

#### 4. Use of Signature Stamp

During the audit, you advised that it is Local 31's practice for you and President Michael D. Marchese to sign all union checks and your signature stamp is used on union checks when you are not available to sign the checks. You indicated that no one but Administrative Assistant Blanca E. Velazquez reviews the checks before they are issued. Article XVI, Section 15 and Section 19 of Local 31's constitution requires that checks be signed by the president and treasurer. 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. However, the use of a signature stamp for the second signer does not attest to the authenticity of the completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 31 review these procedures to improve internal control of union funds.

#### 2. Signing Blank Checks

During the audit, you advised that President Michael D. Marchese signs blank checks. Your union's bylaws require that all checks be signed by the president and treasurer. 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. However, signing a blank check in advance does not attest to the authenticity of a completed check, and negates the purpose of the two signature requirement. OLMS recommends that Local 31 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Bakery, Confectionery, Tobacco Workers & Grain Millers, Local 31 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.

Letter/Mr. Dayle D. Townson

June 17, 2008

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Sincerely,

Alan Weiss  
District Director

cc: Mr. Michael D. Marchese, President