



November 6, 2020

Mr. Lee Alford, Treasurer
Bakery, Tobacco, and Grain Local 58
P.O. Box 5890
Toledo, OH 43613-0890

Case Number: 350-6019870
LM Number: 026420

Dear Mr. Alford:

This office has recently completed an audit of Bakery, Tobacco, and Grain Local 58 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 November 5, 2020, 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 Local 58's 2019 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 58 did not retain adequate documentation for reimbursed expenses and debit card expenses incurred by President Edwin Sorina totaling \$681 and Business Manager John Scott totaling \$1,802. These expenses included meals, gas, car rental and mileage costs. These expenses were reported on Item 48 (Office and Administrative Expense) and Item 54

(Other Disbursements) instead of next to the officer's name on Item 24 (All Officers and Disbursements to Officers).

In addition, supporting documentation was not maintained for disbursements for airline expenses, funeral flowers, hall rental, hotel, and office supplies. Flower arrangements were reported on Item 54 (Other Disbursements) instead of on Item 51 (Contributions, Gifts and Grants).

As noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

2. Information not Recorded in Meeting Minutes

During the audit, Treasurer Alford advised OLMS, Local 58 pays Business Manager John Scott for mileage and gas. For example, Scott utilizes the union's debit card for gas in his personal vehicle. He also submits his mileage log for the same trip. Treasurer Alford computes the mileage times the rate and subtracts the gas cost from the mileage computation.

In addition, Local 58 has a union meeting attendance initiative for the business manager, executive board officers and stewards. When these officers attend at least eight of the twelve monthly meetings, the union reimburses the officer \$300 of their union dues. Payment is issued to each officer after the December's meetings.

However, the minutes of the meetings do not contain any reference to these issues. 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-3 filed by Local 58 for the fiscal year ended December 31, 2019, was deficient in the following areas:

1. Disbursements to Officers

Local 58 did not include some reimbursements to officers totaling at least \$2,483 in the amounts reported Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 (Office and Administrative Expense) and Item 54 (Other Disbursements).

The union must report most direct disbursements to Local 58 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).

2. Annuity not Reported As Investments

Local 58 had an annuity from New York Life Insurance and Annuity Company that was issued on March 6, 2017. The value of the annuity at the start of the fiscal year had the market value of \$25,622.47. At the end of the fiscal year, the market value was \$25,927.27. The increase in value remained in the annuity account held with PNC Investments. There were no purchases for assets made from the annuity. The annuity was not reported under Item 28 (Investments) on the LM-3 for fiscal year ending December 31, 2019.

3. 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 58 amended its constitution and bylaws in 2014, but did not file a copy with its LM report for that year.

Local 58 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Bakery, Tobacco, and Grain Local 58 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: Mr. Edwin Sorina, President
Mr. Steve Kastel, Financial Secretary