

**U.S. Department of Labor**

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July 15, 2008

Mr. Brad Schmidt, Business Manager/Treasurer  
Bakery, Tobacco, and Grain AFL-CIO  
Local 218  
1100 Admiral, Suite 202  
Kansas City, MO 64106

LM File Number 002-735  
Case Number: || || || || || || || || || ||

Dear Mr. Schmidt:

This office has recently completed an audit of Bakers 218 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 July 14, 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.

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 218's 2007 records revealed the following recordkeeping violations:

1. General Reimbursed and Credit Card Expenses

Local 218 did not retain adequate documentation for reimbursed expenses and credit card expenses incurred by Business Manager Brad Schmidt. Business Manager Schmidt checks original receipts against the credit card statements, but he did not maintain the original receipts with the credit card bill.

As previously 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. Disposition of Property

Local 218 did not maintain an inventory of hats and Bibles it purchased, sold, or gave away. The union must report the value of any union property on hand at the beginning and end of each year in Item 28 of the LM-2. The union must retain an inventory or similar record of property on hand to verify, clarify, and explain the information that must be reported in Item 28.

The union must record in at least one record the date and amount received from each sale of union hats, jackets, and other items.

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 218 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 218 amended its constitution and bylaws in 2007 but did not file a copy with its LM report for that year.

Local 218 has now filed a copy of its constitution and bylaws.

I want to extend my personal appreciation to Bakers 218 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,

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Investigator

cc: Linda Bartley, Business Agent