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SENATE

{ REPORT  
No. 187

## LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT OF 1959

APRIL 14, 1959.—Ordered to be printed

Filed under authority of the order of the Senate of April 13, 1959

Mr. KENNEDY, from the Committee on Labor and Public Welfare,  
submitted the following

### R E P O R T

together with

### MINORITY, SUPPLEMENTAL, AND INDIVIDUAL VIEWS

[To accompany S. 1555]

The Committee on Labor and Public Welfare, to whom was referred the bill (S. 1555) to provide for the reporting and disclosure of certain financial transactions and administrative practices of labor organizations and employers, to prevent abuses in the administration of trusteeships by labor organizations, to provide standards with respect to the election of officers of labor organizations, and for other purposes, having considered the same, report favorably thereon, with amendments, and recommend that the bill do pass.

The amendments are as follows:

1. In line 22, page 3, strike out the word "employees" and insert in lieu thereof the word "employers".
2. In line 12, page 7, strike out the word "receive" and insert in lieu thereof the word "received".
3. In line 22, page 15, strike out the word "constructed" and insert in lieu thereof the word "construed".
4. In line 21, page 16, insert a comma after the word "person".
5. In line 9, page 17, strike out the words "labor organization or by such employer" and insert in lieu thereof the word "person".
6. In line 9, page 30, insert the word "labor" after the word "subordinate".
7. In line 12, page 37, strike out the word "recordings" and insert in lieu thereof the word "records".

2 LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT

8. In line 7, page 41, after the phrase "required by" strike the remainder of the sentence and insert in lieu thereof "its own constitution or bylaws except as otherwise provided by this title."

9. In line 17, page 44, strike out the word "expenditures" and insert in lieu thereof the word "expenditure".

10. In line 23, page 47, strike out the word "this" and insert in lieu thereof the word "the".

11. On page 49, strike out lines 8 through 13 and insert in lieu thereof the following:

tion to an employee but does not include the United States or any corporation wholly owned by the Government of the United States, or any State or political subdivision thereof."

12. In line 14, page 51, strike out the word "Railroad" and insert in lieu thereof the word "Railway".

13. In lines 5 and 6 on page 59 strike "the unit described in the petition" and substitute in lieu thereof "an appropriate unit".

All of the above amendments are of a technical, perfecting nature except No. 10. This amendment excludes unions of public employees who are not covered by the National Labor Relations Act or the Railway Labor Act from the coverage of the bill.

PART I—PURPOSE OF THE BILL

The committee reported bill is primarily designed to correct the abuses which have crept into labor and management and which have been the subject of investigation by the Committee on Improper Activities in the Labor and Management Field for the past several years. In its first interim report the McClellan committee made five legislative recommendations. One of these has been implemented in the passage of Public Law 85-836, the Welfare and Pension Plan Disclosure Act of 1958. The remaining recommendations: (1) To regulate and control union funds; (2) to insure union democracy; (3) to curb activities of middlemen in labor-management disputes; and (4) to clarify the "no man's land" between State and Federal authority; were the subject of a bill, S. 3974, which passed the Senate last year by an 88-to-1 vote, but failed to receive the approval of the House of Representatives. The committee-reported bill is based on the legislation approved by the Senate last year and thus it too implements the remaining recommendations of the McClellan committee. In brief, the bill, S. 1555, would accomplish the following:

- (1) Full reporting and public disclosure of union internal processes;
- (2) Full reporting and public disclosure of union financial operations;
- (3) All information required to be reported will be made available to union members in a manner prescribed by the Secretary;
- (4) Criminal penalties for failure to make such reports or for filing false reports;
- (5) Criminal penalties for false entries in and destruction of union records;
- (6) Full reporting and public disclosure of financial transactions and holdings, if any, by union officials which might give rise to conflicts of interest, including payments received from labor relations consultants;
- (7) Full reporting and public disclosures by employers of expenditures for the purpose of persuading employees to exercise, not to

exercise, or as to the manner of exercising their rights to organize and bargain collectively;

(8) Full reporting and public disclosure by employers of expenditures for the purpose of obtaining information concerning the activities of employees or unions in connection with a labor dispute;

(9) Full reports by employers of any direct or indirect loans to a labor organization or officer or employee of a labor organization;

(10) Criminal penalties for failing to file or falsification of reports required of employers and labor relations consultants;

(11) Provides Secretary with broad investigatory power, including the power of subpoena, to prevent violation of the reporting and other provisions of the bill;

(12) Authorizes the Secretary to bring a civil injunction in a district court of the United States to compel compliance with the reporting provisions of the act or any rules or regulations which he promulgates to insure compliance with these provisions;

(13) Criminal penalties for payments by "middlemen" to union officials;

(14) Full reports by employers of any arrangement with a labor relations consultant or other independent contractor by which such person undertakes to persuade employees to exercise or not to exercise or regarding the exercise of their rights to organize or bargain collectively;

(15) Full reports by any person who has an agreement with an employer to persuade employees to exercise or not to exercise or as to the manner of their exercising their rights to organize and bargain collectively; or who supplies information to an employer concerning the activities of employees or labor organizations in connection with a labor dispute;

(16) Prohibits persons who have been convicted of certain crimes from holding union office or employment within 5 years of having served any part of a prison term as a result of such conviction;

(17) Prohibits unions from paying the legal fees or fines of any person indicted or convicted of a violation of the bill;

(18) Full reporting and public disclosure of trusteeships imposed by national or international unions;

(19) Criminal penalties for failure to file or falsification of required reports relating to trusteeships;

(20) Prescribes minimum standards for establishment of trusteeships and sets limits on their duration;

(21) Authorizes Federal court proceedings to dissolve trusteeships when not imposed in accordance with provisions of the bill;

(22) Empowers Federal courts to preserve the assets of a trustee labor organization and limits the funds which may be transferred from a trustee labor organization to the international;

(23) Requires election of constitutional officers and members of executive boards of international unions at least every 5 years by secret ballot or by delegates elected by secret ballot;

(24) Requires election of constitutional officers and members of executive boards of local unions at least every 3 years by secret ballot;

(25) Protects freedom of opportunity to nominate candidates in union elections;

(26) Protects members' right to vote in union elections without being subject to improper interference or reprisals;

4 LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT

(27) Insures that every candidate for union office shall be afforded the opportunity to distribute at his own expense literature in support of his candidacy to all the members of the union;

(28) Requires that all candidates shall have the opportunity to have observers present at the balloting and at the counting of the ballots in a union election;

(29) Prohibits use of union funds to promote individual candidacy in union elections;

(30) Procedures whereby a union officer guilty of serious misconduct in office may be removed by a secret ballot vote after court proceedings if the union's constitution does not provide adequate machinery for such removal;

(31) Provides for investigations by the Secretary of members' complaints of improper procedures in union elections and court actions by the Secretary to set aside improperly conducted elections;

(32) Empowers Federal courts to direct new elections to be conducted under supervision of the Secretary where it finds union election was improperly conducted;

(33) Preserves members' rights to enforce union's constitution under State laws with respect to trusteeships and safeguarding fair procedures before an election;

(34) A congressional declaration of policy favoring voluntary self-policing, through adoption and implementation of codes of ethical practices, by labor organizations and employers;

(35) Establishment of an Advisory Committee on Ethical Practices composed of representatives of the public, labor organizations, and employers;

(36) Eliminates the "no-man's land" in labor-management relations by directing the National Labor Relations Board to exercise jurisdiction directly or with the aid of State agencies in all cases within its competence;

(37) State agencies may, by agreement with the National Labor Relations Board, administer the Federal act in accordance with procedures and substantive law applicable with regard to cases processed by the NLRB;

(38) Subjects shakedown picketing to criminal sanctions;

(39) Bans demand and acceptance by unions or union representatives of payments from interstate truckers of improper unloading fees;

(40) Permits with appropriate safeguards, prehire and 7-day union shop agreements in the building and construction industry;

(41) Clarification of the propriety of employer contributions to joint union-management apprenticeship funds;

(42) Restoration of voting rights to economic strikers;

(43) Criminal penalties for embezzlement, conversion, etc., of union funds;

(44) Establishes a prehearing election procedure with respect to labor disputes in which there are no substantive issues present in order to speed up the handling of cases by the National Labor Relations Board;

(45) Authorizes the President to appoint an acting General Counsel to the National Labor Relations Board when a vacancy occurs in that office.

These and other provisions of the bill not included in the foregoing brief summary represent a major attack on the abuses and problems

identified by recent investigations. No bill in the committee's view can be written which will close completely the many avenues which the criminal can devise to carry on his nefarious activity, without at the same time wrecking important institutions, violating cardinal precepts of law, and undermining the principles upon which a free society is based.

The bill is designed to prevent, discourage, and make unprofitable improper conduct on the part of union officials, employers, and their representatives by requiring reporting of arrangements, actions, and interests which are questionable. In some instances, the matters to be reported are not illegal and may not be improper. But only full disclosure will enable the persons whose rights are affected, the public and the Government to determine whether the arrangements or activities are justifiable, ethical, and legal.

In addition to comprehensive reporting the bill provides criminal penalties for actions which are clearly improper such as the embezzlement of union funds, tampering with or destroying union records, bribing employee representatives, and violation of the trusteeship or election provisions of the bill.

The Subcommittee on Labor held intensive hearings on all of the relevant bills before it. It considered all of the proposals and suggestions made during the hearings and studied each of the bills pending. S. 505, on which S. 1555 is based, was modified to include those recommendations which strengthened the bill and increased its effectiveness. The Committee on Labor and Public Welfare carefully considered the bill reported by the subcommittee and made a number of substantial changes.

The committee reports this bill favorably after lengthy consideration this year and on the basis of a substantial record and extensive debate on a similar bill in the 85th Congress. The committee recognizes that in addition to the major steps to correct labor and management abuses taken by this bill, further attention should be directed to amendments in the laws governing labor-management relations. To assist it in this task, the committee has appointed a distinguished panel of experts to advise it on appropriate modifications in existing law. This advisory panel is expected to make its report later in the session, and it is the intention of the committee to move forward in the area of major revision of our labor-management law as soon as practicable.

## PART II—BACKGROUND AND GENERAL APPROACH OF THE BILL

A strong independent labor movement is a vital part of American institutions. The shocking abuses revealed by recent investigations have been confined to a few unions. The overwhelming majority are honestly and democratically run. In providing remedies for existing evils the Senate should be careful neither to undermine self-government within the labor movement nor to weaken unions in their role as the bargaining representatives of employees.

It is plain that the trade union movement in the United States is facing difficult internal problems and—because of these internal problems—tensions with the surrounding community. The problems of this now large and relatively strong institution are not unlike the difficulties faced by other groups in American society which aspire

to live by the same basic principles and values within their group as they hold ideal for the whole community. But equal rights, freedom of choice, honesty, and the highest ethical standards are built into changing institutions only after struggle. Trade unions have grown well beyond their beginnings as relatively small, closely knit associations of workmen where personal, fraternal relationships were characteristic. Like other American institutions some unions have become large and impersonal; they have acquired bureaucratic tendencies and characteristics; their members like other Americans have sometimes become apathetic in the exercise of their personal responsibility for the conduct of union affairs. In some few cases men who have risen to positions of power and responsibility within unions have abused their power and neglected their responsibilities. In some cases the structure and procedures necessary for trade unions while they were struggling for survival are ill adapted to their new role and to changed conditions; they are not always conducive to efficient, honest, and democratic practices.

Whatever the causes, the problems are recognized by those within as well as those outside the union movement. The action of the American Federation of Labor-Congress of Industrial Organizations in recognizing the importance of adherence to traditional principles of ethical conduct and trade union democracy and in formulating and implementing codes of ethical practices to carry out these established principles, is a dramatic and convincing demonstration of the trade union movement's desire to conduct its internal affairs democratically and in accordance with high standards of trust. Nevertheless, effective measures to stamp out crime and corruption and guarantee internal union democracy, cannot be applied to all unions without the coercive powers of government, nor is the present machinery of the federation demonstrably effective in policing specific abuses at the local level.

It is also plain that there are important sections of management that refused to recognize that the employees have a right to form and join unions without interference and to enjoy freely the right to bargain collectively with their employer concerning their wages, working conditions, and other conditions of employment. The hearings of the McClellan committee have shown that employers have often cooperated with and even aided crooks and racketeers in the labor movement at the expense of their own employees. They have employed so-called middlemen to organize "no-union committees" and engage in other activities to prevent union organization among their employees. They have financed community campaigns to defeat union organization. They have employed investigators and informers to report on the organizing activities of employees and unions. It is essential that any legislation which purports to drive corruption and improper activities out of labor-management relations contain provisions dealing effectively with these problems.

The internal problems currently facing our labor unions are bound up with a substantial public interest. Under the National Labor Relations Act and the Railway Labor Act, a labor organization has vast responsibility for economic welfare of the individual members whom it represents. Union members have a vital interest, therefore, in the policies and conduct of union affairs. To the extent that union

procedures are democratic they permit the individual to share in the formulation of union policy. This is not to say that in order to have democratically responsive unions, it is necessary to have each union member make decisions on detail as in a New England town meeting. What is required is the opportunity to influence policy and leadership by free and periodic elections.

In acting on this bill the committee followed three principles:

1. The committee recognized the desirability of minimum interference by Government in the internal affairs of any private organization. Trade unions have made a commendable effort to correct internal abuses; hence the committee believes that only essential standards should be imposed by legislation. Moreover, in establishing and enforcing statutory standards great care should be taken not to undermine union self-government or weaken unions in their role as collective-bargaining agents.

2. Given the maintenance of minimum democratic safeguards and detailed essential information about the union, the individual members are fully competent to regulate union affairs. The committee strongly opposes any attempt to prescribe detailed procedures and standards for the conduct of union business. Such paternalistic regulation would weaken rather than strengthen the labor movement; it would cross over into the area of trade union licensing and destroy union independence.

3. Remedies for the abuses should be direct. Where the law prescribes standards, sanctions for their violation should also be direct. The committee rejects the notion of applying destructive sanctions to a union, i.e., to a group of working men and women, for an offense for which the officers are responsible and over which the members have, at best, only indirect control. Still more important the legislation should provide an administrative or judicial remedy appropriate for each specific problem.

The committee does not believe that the record demonstrates that the imposition of indirect sanctions, such as penalizing the union and its members for malpractices of its officers, would be effective in insuring compliance. Moreover, on the basis of information available to the committee, it is clear that the requirements of present law with respect to the filing of financial and other data have hampered the administration of the National Labor Relations Act, have disrupted labor-management relations and have been expensive to administer.

The bill reported by the committee, while it carries out all the major recommendations of the Senate select committee, does so within a general philosophy of legislative restraint. The bill does not spell out in detail all the standards which every trade union should follow. It recognizes the variety of situations to which its provisions must apply and, especially, the inadvisability and injustice of compelling unions to conform to a uniform statutory rule with respect to unimportant details of administration.

The test of a sound bill in this complex and relatively new legislative area is whether it is workable and will produce the desired results without destroying valued free institutions. The committee believes that the bill now reported possesses these attributes.

## PART III. PRINCIPAL AREAS COVERED BY THE BILL, UNION FINANCIAL AND ADMINISTRATIVE PRACTICES

→ Labor organizations are creations of their members; union funds belong to the members and should be expended only in furtherance of their common interest. A union treasury should not be managed as the private property of union officers, however well intentioned, but as a fund governed by fiduciary standards appropriate to this type of organization. The members who are the real owners of the money and property of the organization are entitled to a full accounting of all transactions involving their property.

The financial conduct of labor unions and their officers is a proper concern of the Federal Government. This is so because the funds that pass through union treasuries and for which unions and their officers are responsible are very large, and the uses to which these funds are put have a substantial impact on the Nation's economy. Furthermore, if unions are to enjoy the protection of rights such as are guaranteed to them by the National Labor Relations Act and the Railway Labor Act, they ought also to be held responsible for abuses that have accompanied the exercise of these rights by some union leaders.

Similarly, the rules governing the conduct of the union's business, such as dues and assessments payable by members, membership rights, disciplinary procedures, election of officers, provisions governing the calling of regular and special meetings—all should be known to the members. Without such information freely available it is impossible that labor organizations can be truly responsive to the members which they serve.

This bill insures that full information concerning the financial and internal administrative regulations of labor organizations shall be in the first instance available to the members of such organization. In addition, this information is to be made available to the Government, and through the Secretary of Labor, is open to the inspection of the general public. By such disclosure, and by relying on voluntary action by members of labor organizations, abuses can be eradicated effectively.

→ Title I of the bill reported by the committee requires a labor organization which represents or seeks to represent employees in an industry or activity affecting commerce to file with the Secretary of Labor detailed information concerning its internal procedures and rules governing conduct of union business. The organization is required by this title to make this and the financial information referred to below available to its members in a manner prescribed by the Secretary of Labor. The information required to be filed by unions under this title is similar to that required by section 9(f) of the National Labor Relations Act. However, in this bill, all unions, whether or not they wish to use the facilities of the National Labor Relations Board, are required to file reports.

Section 101(b) of this title requires unions to file annual financial reports. In addition to a statement of assets and liabilities and a statement of receipts and expenditures, the report would show in detail salaries and allowances made to all officers and to each employee receiving income of more than \$10,000 from labor organizations affiliated in the same international union. The salaries required to

be reported by this subsection would include reimbursed expenses and other direct or indirect disbursements to officers and employees. The report would list loans made either to employers or to union officers, employees, or members, with a statement of purpose, the security, if any, and arrangements for repayment of the loan.

If any person who is required to make a report under this title fails to file or files a report which the Secretary of Labor believes is incomplete or false, the Secretary is directed to institute a full investigation armed with the power of subpoena and to make a report to persons having a legitimate interest in such information. This provision insures that union members will have all the vital information necessary for them to take effective action in regulating affairs of their trade union, either through voluntary compliance of the labor organization with the reporting requirements of the act or as a result of investigation and reports by the Secretary of Labor. The committee is confident that union members armed with adequate information and having the benefit of secret elections, as provided in title III of this bill, would rid themselves of untrustworthy or corrupt officers. In addition, the exposure to public scrutiny of all vital information concerning the operation of trade unions will help deter repetition of the financial abuses disclosed by the McClellan committee. Where union financial and other practices do not meet reasonable standards, although not willfully dishonest, this bill would have a remedial effect.

The financial and administrative reporting sections of this bill cover substantially the same ground as similar provisions in S. 748, introduced by Senator Goldwater on behalf of the administration. The principal difference between the bills is in the penalties imposed for violation. In addition to the criminal penalties provided by both bills, S. 748 would deny to the members, employers, and the public the protections offered by National Labor Relations Act in settling labor disputes. Under S. 748, where a union officer failed, willfully or otherwise, to file a report required by the bill, no representation case or other proceeding could be processed by the National Labor Relations Board. The committee bill, on the other hand, places both the labor organization and the officer under a positive obligation to make full and accurate reports, subject to criminal penalties.

To deny a union access to the National Labor Relations Board because its officers did not file a proper report is unwise for four reasons. First, it would be ineffective in the case of strong unions not dependent upon NLRB facilities; second, it is unfair to the members who have done no wrong but who would suffer both the denial of information and the loss of NLRB protection; third, the rights and duties created by the National Labor Relations Act exist for the benefit of the public, and such legal obligations should be enforced equally in all cases, not traded off against one another as a system of rewards and punishments; and, finally, experience with a similar provision in the present law clearly demonstrates that conditioning the use of the NLRB processes on compliance with not wholly related requirements such as this can result in a frustration of the principal purpose of the Labor Management Relations Act, that is, settlement of labor disputes in an orderly, efficient, and expeditious manner. In short, the committee is convinced that such a procedure is costly, cumbersome, and of doubtful efficacy.

The committee finds that it would also be unsound and unfair to use the labor unions' present freedom from the income tax (if indeed union receipts are susceptible to conventional taxation standards) as a method of coercing obedience to legal duties. In some cases the penalty would be negligible. In other cases the financial penalties might be heavy and out of proportion to the offense. As a result the enforcement agency would be forced to choose between imposing an excessive penalty and overlooking the violation. To create such dilemmas makes for unsound law enforcement. Again, the purpose of the legislation is to protect union members. Violations will be essentially a wrong done by the officers against the members. To deny the union the usual income-tax exemption would levy a heavy penalty upon the members who were the ultimate owners of the union's property and who committed no offense.

It should be clearly understood, however, that the committee's bill would lay penalties directly upon labor organizations which violated the act. A labor organization is a "person" under the definition in section 501(c). Therefore if a labor organization fails to file a financial report or files a false report, it can be prosecuted and fined as much as \$10,000 on each count under section 108. The union officers charged with filing reports could also be prosecuted under the same action, for subsection (d) provides for personal as well as organizational responsibility. Furthermore, if any union officer is convicted under these sections, the labor organization is required by section 305(b) to remove him. If the union fails, it is subject to criminal prosecution under section 305(c). The committee bill also forbids payment of fines or defense costs by a labor organization or employer for a person indicted or convicted of a violation of the act. However, in the event that any such person is acquitted of such charges, he may be reimbursed for the expenses involved.

#### MANAGEMENT REPORTING AND THE PROBLEM OF THE MIDDLEMAN

The committee notes that in almost every instance of corruption in the labor-management field there have been direct or indirect management involvements. The report of the McClellan committee describes management middlemen flitting about the country on behalf of employers to defeat attempts at labor organization. In some cases they work directly on employees or through committees to discourage legitimate organizational drives or set up company-dominated unions. These middlemen have been known to negotiate sweetheart contracts. They have been involved in bribery and corruption as well as unfair labor practices. The middlemen have acted, in fact if not in law, as agents of management. Nevertheless, an attorney for the National Labor Relations Board has testified before the McClellan committee that the present law is not adequate to deal with such activities.

The committee believes that employers should be required to report their arrangements with these union-busting middlemen. Further, the Committee on Labor and Public Welfare has received evidence in prior hearings showing that large sums of money are spent in organized campaigns on behalf of some employers for the purpose of interfering with the right of employees to join or not to join a labor organization of their choice, a right guaranteed by the National Labor Relations

Act. Sometimes these expenditures are hidden behind committees or fronts; however the expenditures are made, they are usually surreptitious because of the unethical content of the message itself. The committee believes that this type of activity by or on behalf of employers is reprehensible. These expenditures may or may not be technically permissible under the National Labor Relations or Railway Labor Acts, or they may fall in a gray area. In any event, where they are engaged in they should be exposed to public view, for if the public has an interest in preserving the rights of employees then it has a concomitant obligation to insure the free exercise of them.

Similarly, expenditures have been made in the past by employers surreptitiously and through labor spies, to obtain information about employees and unions. This type of activity certainly is not conducive to sound and harmonious labor relations.

The committee bill attacks these problems on three fronts.

First, it makes improper payments by management middlemen criminal offenses under section 302 of the Labor-Management Relations Act. Section 302 already prohibits any payment by an employer to any representative of any of his employees except for wages, checked-off dues, payments to specified kinds of trust funds. Section 111 of the committee bill would make section 302 applicable to—

any person who acts as a labor relations expert, adviser or consultant or who acts in the interest of an employer.

Under the bill the management middlemen who make illicit payments can be prosecuted without proof that the payments were authorized or ratified by the employer or otherwise within the scope of the middleman's employment.

Second, the committee bill expands section 302 to cover both payments made to employees for the purpose of influencing their organizational activities and also payments made to union officials with intent to influence them in the performance of such duties. This amendment is necessary to prosecute activities such as Nathan Shefferman conducted in the interest of his management clients.

Third, the committee bill relies upon a system of reporting and disclosure to apply further corrective curbs on improper employer activity. Under section 103(a) an employer will be required to disclose any payments made by him to persuade employees not to exercise or as to the manner of exercising their right to organize and bargain collectively. Under this section an employer is required to report any direct expenditures during any fiscal year for the purpose of persuading employees in the exercise of their right to organize and bargain collectively as long as such expenditures do not involve regular wage payments or expenditures to improve working conditions or provide other employee benefits. Also exempt from the reporting requirements are expenditures which an employer makes in his own name to communicate information to his employees including any kind of written or oral statement or advertisement. Under this subsection an employer would not be required to report expenditures made to obtain information for use solely in a judicial administrative or arbitration proceeding, nor would he be required to report expenditures to obtain legal advice in connection with labor management relations. An employer who has not made any such expenditures would not be required to file any reports under this bill. An employer

would also be required to make a report of expenditures pursuant to an agreement with labor relations consultant or other person who undertakes to interfere with the right of employees to organize and bargain collectively. An employer would also have to report direct or indirect payments or loans to labor organizations or their officers or employees unless the payments were in the form of wages or were made pursuant to a contract the terms of which were fully disclosed to the employees in the bargaining unit.

Under section 103(b) every person who enters into an agreement with an employer to persuade employees as regards the exercise of their right to organize and bargain collectively or to supply an employer with information concerning the activity of the employees or labor organizations in connection with a labor dispute would be required to file a detailed report. An attorney or consultant who confines himself to giving legal advice, taking part in collective bargaining and appearing in court or administrative proceedings would not be included among those required to file reports under this subsection. Specific exemption for persons giving this type of advice is contained in subsection (c) of section 103.

All of the activities required to be reported by this section are not illegal nor are they unfair labor practices. However, since most of them are disruptive of harmonious labor relations and fall into a gray area, the committee believes that if an employer or a consultant indulges in them, they should be reported. This public disclosure will accomplish the same purpose as public disclosure of conflicts of interest and other union transactions which are required to be reported in sections 101 and 102 of this bill.

#### RACKETEERING, CORRUPTION, AND CONFLICTS OF INTEREST

Widespread public concern over internal conditions in labor unions has resulted from sensational stories about the activities of criminal elements who forced their way into the labor movement and exploited the workers whom they pretended to serve. Too little emphasis has been given to the fact that hoodlums operated in relatively few unions. The overwhelming majority are strong and democratic. Union officers and members are already moving to expel the crooks and racketeers, notably through the work of the AFL-CIO ethical practices committee. → The ultimate responsibility rests upon individual union members to insure that their unions are efficiently and honestly run by taking a more active interest in the affairs of their organizations. Voluntary efforts will be speeded and strengthened by the provisions of the committee bill requiring full financial reports and public disclosures.

Racketeering, crime, and corruption must be stamped out in the labor and management field as elsewhere. The committee bill carries strong measures for driving criminals from labor unions. Its provisions will also bring to light possible conflicts of interest and similar shadowy transactions through which unscrupulous union officials and employers sacrifice the welfare of employees to personal advantage.

Section 109 would create a new Federal crime of embezzlement of any funds of a labor organization. Conviction would carry a fine up to \$10,000 and 5 years' imprisonment.

Section 108 of the committee bill makes it a crime to willfully destroy, or make false entries in the books or records of unions, employers, and middlemen subject to the bill.

Section 305(a) excludes from union office any person who within 5 years preceding service as a union officer was imprisoned as a result of conviction of certain major crimes such as bribery, extortion, robbery, embezzlement, arson, and murder. The committee recognized that under certain circumstances, such as innocent involvement, crimes committed by a minor, or lapse of time, holding union office would not be detrimental to the public interest. Therefore, a person could serve as a union officer under this section if his civil rights, having been suspended because of conviction of the enumerated crimes, had been fully restored. The bill also permits the Secretary of Labor on application and after hearing to find that the services of such person would not be inconsistent with the attainment of the purposes of the act.

Section 302(b) bars from positions of trust in a labor union any person who has been convicted of violating the reporting sections of the bill. The section also makes it a crime for a labor organization or officer thereof knowingly to permit any such person to assume or hold office after conviction.

Section 111 of the committee bill strengthens section 302 of the Labor-Management Relations Act by making it applicable to all forms of extortion and bribery in labor-management relations some of which may slip through the present law.

Section 302(a) of the Labor-Management Relations Act provides—

It shall be unlawful for any employer to pay or deliver, or to agree to pay or deliver, any money or other thing of value to any representative of any of his employees who are employed in an industry affecting commerce.

Section 302(b) forbids the receipt of such payments. Section 302(c) excepts the payment of wages, the checkoff of union dues upon proper authorization, payments to specified trust funds, and other legitimate transactions.

Although these provisions of existing law would punish most forms of bribery or extortion if they were vigorously enforced by prosecuting officers, the testimony before the McClellan committee revealed loopholes which both employer representatives and union officials turned to advantage at the expense of employees. The committee bill proposes to close the loopholes. The provisions dealing with management abuses are discussed below.

*Ventimiglia v. United States* (242 F. 2d 620 (4th Cir. 1957)), illustrates one inadequacy of the present law in respect of union representatives. The employer had a nonunion construction job underway when the business agent of the local roofers' union objected. Eventually, the business agent agreed to issue working permits to the nonunion employees in return for monthly payments of \$100. The court set aside a conviction under section 302 on the ground that neither the roofers' union nor the business agent was technically a "representative" of any of the employer's employees. The committee bill corrects this defect by adding a new subdivision proscribing payments to any labor organization, or any officer or employee, which is seeking to represent or would admit to membership any of the employees of the employer. Another subdivision would make it a crime for a union officer to solicit or accept a bribe "intended to influence him in respect to his actions, decisions, or duties as a representative of

14 LABOR-MANAGEMENT REPORTING AND DISCLOSURE ACT

employees or as an officer or employee of a labor organization." Employers will also be protected, under the bill, against shakedown picketing.

Finally, the committee bill outlaws the growing malpractice of exacting arbitrary fees for the so-called "privilege" of loading or unloading trucks, fees for which no work is done and which go to the benefit of the union or another person other than the one performing the work.

Section 111 of the bill amends section 302 of the Labor-Management Relations Act to make it unlawful for any person acting as an officer or agent of a union to demand or accept from the operator of a motor vehicle employed in the transportation of property in commerce, any fee or charge for the unloading of cargo of such a vehicle except payments by an employer to any of his employees as compensation for their services as employees.

Enactment of the sections of the committee bill described above would punish criminal activity in the conduct of union affairs. It would drive criminals from the labor movement. The committee bill also goes on to deal with breaches of trust and other shady transactions which, although not seriously criminal, nevertheless are incompatible with a strong and honestly run labor movement.

For centuries the law has forbidden any person in a position of trust to hold interests or enter into transactions in which self-interest may conflict with complete loyalty to those whom they serve. Such a person may not deal with himself, or acquire adverse interests, or make any personal profit as a result of his position. The same principle has long been applied to trustees, to agents, and to bank directors. It is equally applicable to union officers and employees. The ethical practices code of the American Federation of Labor and Congress of Industrial Organizations states—

It is too plain for extended discussion that a basic ethical principle in the conduct of union affairs is that no responsible trade union official should have a personal financial interest which conflicts with the full performance of his fiduciary duties as a workers' representative.

After the McClellan committee hearings no one can dispute the simple fact that although the vast majority of union officials are honest and conscientious men, a small number have ignored this basic standard of conduct. No one would deny that the conduct is wrong. The wrongs should not be ignored by the Federal Government. The national labor policy is founded upon collective bargaining through strong and vigorous unions. Playing both sides of the street, using union office for personal financial advantage, undercover deals, and other conflicts of interest corrupt, and thereby undermine and weaken the labor movement. The Congress should check the abuses in order to foster the national labor policy. The Government which vests in labor unions the power to act as exclusive bargaining representative must make sure that the power is used for the benefit of workers and not for personal profit. \*

The committee bill attacks the problem by requiring union officers and employees to file reports with the Secretary of Labor disclosing to union members and the general public any investments or transactions in which their personal financial interests may conflict with

# EXHIBIT NO. 2



# Reports Required Under the LMRDA and the CSRA

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U.S. Department of Labor  
Employment Standards Administration  
Office of Labor-Management Standards  
2007

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\*Teletypewriter



# Reports Required Under the LMRDA and the CSRA

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U.S. Department of Labor  
Elaine L. Chao, Secretary

Employment Standards Administration  
Victoria Lipnic, Assistant Secretary

Office of Labor-Management Standards  
2007

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# Contents

<b>Introduction</b> .....	<b>1</b>
<b>General Reporting Requirements</b> .....	<b>2</b>
<b>Enforcement</b> .....	<b>4</b>
<b>Union Reports</b> .....	<b>5</b>
Information Reports .....	5
▪ Form LM-1.....	
Annual Financial Reports .....	6
▪ Form LM-2.....	
▪ Form T-1.....	
▪ Form LM-3.....	
▪ Form LM-4.....	
▪ Simplified Annual Reports.....	
Terminal Labor Organization Reports .....	10
Trusteeship Reports .....	10
▪ Form LM-15.....	
▪ Form LM-16.....	
▪ Form LM-15A.....	
Other Requirements .....	11
<b>Other Reports</b> .....	<b>12</b>
Labor Organization Officer and Employee Reports .....	12
▪ Form LM-30.....	
Employer Reports.....	12
▪ Form LM-10.....	
Labor Relations Consultant Reports .....	13
▪ Form LM-20.....	
▪ Form LM-21.....	
Surety Company Reports .....	14
▪ Form S-1.....	
<b>OLMS Assistance</b> .....	<b>15</b>
<b>Reports Required Under the LMRDA and the CSRA</b> .....	<b>16</b>

## Introduction

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This pamphlet provides general information about the reports that the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA) and the Civil Service Reform Act of 1978 (CSRA) require to be filed with the U.S. Department of Labor by labor unions, union officers and employees, employers, labor relations consultants, and surety companies.

The LMRDA applies to labor organizations which represent private sector employees and U.S. Postal Service employees while the CSRA applies to labor organizations which represent employees in most agencies of the executive branch of the federal government. The regulations implementing the standards of conduct provisions of the CSRA incorporate many LMRDA provisions, including those related to labor organization reporting requirements. (Federal sector labor organizations subject to the Foreign Service Act or the Congressional Accountability Act are also required to file the union reports described in this pamphlet.)

All reports must be filed with the U.S. Department of Labor, Employment Standards Administration, Office of Labor-Management Standards (OLMS). Each reporting form prescribed by OLMS and the type of information to be reported are discussed in this pamphlet. The table at the back of this pamphlet lists the name and number of each form, the persons who are required to sign and file it, and its due date.

This pamphlet is designed to assist those subject to the reporting requirements of the LMRDA or the CSRA. It presents general information about the provisions of the laws and should not be construed as an official interpretation of their provisions. Detailed instructions concerning completion of the forms and information to be reported are included with the reporting forms.

## General Reporting Requirements

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The Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), and the Civil Service Reform Act of 1978 (CSRA) require certain reports to be filed with the U.S. Department of Labor.

### Who Must Report

The reporting requirements apply to labor organizations, except state or local central bodies and unions representing only public employees whose employer is any state or political subdivision of a state, such as a county or municipality. An intermediate body that is subordinate to a national or international labor organization covered by the LMRDA, however, is subject to the reporting requirements even if it does not represent any private sector employees. In addition, these requirements also apply to

- officers and employees of such unions,
- employers,
- labor relations consultants, and
- surety companies.

### How to File

The Form LM-2 and the Form T-1 must be filed electronically as discussed on page 8. Form LM-3 and Form LM-4 may be filed electronically as discussed on page 9. All other forms may be completed using software available at [http://www.dol.gov/esa/regs/compliance/olms/GPEA\\_Forms/blanklmforms.htm](http://www.dol.gov/esa/regs/compliance/olms/GPEA_Forms/blanklmforms.htm) but must be printed, signed manually, and filed with the U.S. Department of Labor at the following address:

U.S. Department of Labor  
ESA/OLMS, Room N-5616  
200 Constitution Avenue, NW  
Washington, DC 20210-0001

### Public Disclosure

All reports are public information, and the Secretary of Labor may publish any information or data obtained from reports filed under the reporting provisions of the LMRDA or CSRA.

Individuals may examine labor organization annual financial reports, union officer and employee reports, and employer and labor relations consultant reports free of charge or purchase copies via the OLMS Internet Public Disclosure Room at: <http://www.union-reports.dol.gov>. Anyone with a computer and internet connection can view and print copies of these reports for year 2000 and later in pdf format. Individuals can also conduct searches of union records and generate reports based on user-selected search criteria.

Any person may examine reports and related documents free of charge or may purchase copies for 15 cents per page at the OLMS Public Disclosure Room in Room N-5608 at 200 Constitution Avenue, NW, Washington, DC 20210-0001.

For more information, please see our pamphlet, *Public Disclosure Under the LMRDA*, at [www.olms.dol.gov](http://www.olms.dol.gov).

### **Recordkeeping**

Every person who is required to file a report under the LMRDA or the CSRA, either as an individual or as an officer of a union or employer, is responsible for maintaining records which will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report. These records must be kept for at least 5 years after the date the report is filed. Any record necessary to verify, explain, or clarify the report must be retained, including, but not limited to, vouchers, worksheets, receipts, and applicable resolutions. For more information about union recordkeeping, please see our fact sheet, *LMRDA Recordkeeping Requirements for Unions*, at [www.olms.dol.gov](http://www.olms.dol.gov).

## Enforcement

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### Civil Enforcement

OLMS has authority to conduct investigations concerning compliance with the reporting requirements of the LMRDA and the CSRA. The Secretary of Labor may file civil actions in Federal courts to restrain violations and ensure compliance with the LMRDA reporting requirements.

Enforcement of the CSRA reporting requirements is through administrative action which involves the filing of a complaint by OLMS, a hearing before a Department of Labor administrative law judge, the judge's report and recommendation, and a decision and order by the Assistant Secretary for Employment Standards.

### Criminal Penalties

The following acts are made criminal under the LMRDA:

- Willfully failing to file a report or keep required records;
- Knowingly making a false statement or representation of a material fact or knowingly failing to disclose a material fact in a report or other required document; and
- Willfully making a false entry in, or withholding, concealing, or destroying documents required to be kept.

These acts are punishable by a fine of not more than \$100,000, imprisonment for not more than 1 year, or both.

Filing a false report under the CSRA is a violation of 18 U.S.C. 1001 punishable by a fine of not more than \$250,000, imprisonment for not more than 5 years, or both.

## Union Reports

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### Form LM-1

#### Information Reports

The LMRDA and the CSRA regulations require that every covered union adopt a constitution and bylaws and file two copies with OLMS, along with a Labor Organization Information Report, Form LM-1, providing certain information about the structure, practices, and procedures of the union.

**Deadline.** The initial information report, Form LM-1, is due within 90 days after the union first becomes subject to the LMRDA or the CSRA.

**Signatures.** Form LM-1 must be signed by the president and secretary or corresponding principal officers of the reporting union.

**Reporting Information.** Form LM-1 requires information such as:

- identification of the union
- identification of officers
- rates of dues and fees
- fiscal year ending date

Additionally, labor organizations (except Federal employee labor organizations subject solely to the CSRA) must indicate where in the union's constitution and bylaws certain practices and procedures are described or, if not in the constitution, provide a detailed statement describing the practices and procedures. Among the items to be reported are practices for:

- authorizing disbursement of funds
- selecting officers and other union representatives
- protesting a defect in the election of officers
- disciplining and removing officers
- fining, expelling, and suspending members
- ratifying contract terms
- authorizing strikes

All reporting unions except Federal employee unions subject solely to the CSRA are required to file an amended Form LM-1 to update the information on file with OLMS if there have been any changes in the reported practices and procedures which are not contained in the union's constitution and bylaws. The amended Form LM-1 must be filed with the union's annual financial report (Forms LM-2, LM-3, or LM-4, as discussed below) for the reporting period in which the change occurred.

**File Number Assignment.** OLMS assigns a six-digit file number to each union filing a Form LM-1. OLMS acknowledges receipt of each Form LM-1 and informs the union of its file number which must be entered on its annual financial reports and on all correspondence with OLMS.

## Reporting Forms

### Annual Financial Reports

Unions must file an annual financial report on one of three Labor Organization Annual Reports, Forms LM-2, LM-3, or LM-4. The three forms vary in the level of financial details which must be reported. The filing requirements are determined by the total annual receipts of the union:

- **Form LM-2** – This most detailed annual report must be filed by unions with total annual receipts of \$250,000 or more and those in trusteeship.
- **Form LM-3** – This less detailed annual report may be filed by unions with total annual receipts of less than \$250,000 if not in trusteeship.
- **Form LM-4** – This abbreviated annual report may be filed by unions with less than \$10,000 in total annual receipts if not in trusteeship.

**Deadline.** The annual financial report is due within 90 days after the end of the union's fiscal year.

**Signatures.** Forms LM-2, LM-3, or LM-4 must be signed by the president and treasurer or corresponding principal officers of the reporting union.

## Form LM-2

**Reporting Information.** Form LM-2 is the most detailed annual financial report requiring completion of 21 information items, 47 financial items, and 20 supporting schedules. Information to be reported includes

- whether the union has any trusts in which the union is interested as defined in the instructions
- whether the union has a political action committee (PAC)
- whether the union discovered any loss or shortage of funds
- whether the union had an audit of its books or records
- rates of dues and fees
- 7 asset categories such as cash and investments
- 4 liability categories such as accounts payable and mortgages payable
- 13 receipt categories such as dues and interest
- 16 disbursement categories such as benefits and repayment of loans obtained
- a schedule of payments to officers
- a schedule of payments to employees
- a schedule of loans payable
- a schedule of loans receivable
- an accounts receivable aging schedule
- an accounts payable aging schedule
- a schedule of membership status

- six functional schedules itemizing individual receipts or disbursements of \$5,000 or more and total receipts or disbursements to a single entity or individual that aggregate to \$5,000 or more
  - other receipts
  - representational activities
  - political activities and lobbying
  - contributions, gifts, and grants
  - general overhead
  - union administration

**Form T-1**

For fiscal years beginning on or after January 1, 2007, a labor organization with total annual receipts of \$250,000 or more must file Form T-1 for each trust in which it is interested, if the union's financial contribution to the trust, or a contribution made on the union's behalf or as a result of a negotiated agreement to which the union is a party, was \$10,000 or more during the reporting year and the trust had \$250,000 or more in annual receipts.

A trust in which a labor organization is interested is a trust or other fund or organization (1) which was created or established by a labor organization or one or more of the trustees or one or more members of the governing body of which is selected by a labor organization and (2) a primary purpose of which is to provide benefits for the members of the labor organization or their beneficiaries.

**Reporting Information.** Form T-1 requires the completion of 20 information items, 4 financial items, and 3 supporting schedules. Information to be reported includes

- identifying information on the labor organization and the trust
- purpose of the trust
- whether the trust discovered any loss or shortage of funds
- whether the trust made any loans to any officer or employee of the reporting labor organization at below market rates
- whether the trust liquidated any loans receivable from officers or employees of the reporting labor organization without full receipt of principal and interest
- total assets of the trust
- total liabilities of the trust
- total receipts of the trust
- total disbursements of the trust
- two schedules itemizing individual receipts or disbursements of \$10,000 or more and total receipts or disbursements to a single entity or individual that aggregate to \$10,000 or more
- a schedule of payments to officers and employees

A labor organization may complete only 15 information items on Form T-1 if an annual audit of the trust is prepared according to the standards listed in the instructions for the form and a copy of the audit is filed with the Form T-1.

**Deadline.** Form T-1 must be filed within 90 days after the end of the union's fiscal year.

**Signatures.** Form T-1 must be signed by the president and treasurer or corresponding principal officers of the reporting union.

**Filing.** The Form LM-2 and the Form T-1 must be prepared using software obtained from the OLMS Web site:

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Form LM-2: <http://www.dol.gov/esa/regs/compliance/olms/reviseilm2.htm>

Form T-1: <http://www.dol.gov/esa/regs/compliance/olms/newt1.htm>

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The reports must be signed with digital signatures and submitted electronically. Information on obtaining electronic signatures is available at:

<http://www.dol.gov/esa/regs/compliance/olms/digital-signatures.htm>

**Temporary Hardship Exemption.** If a labor organization experiences unanticipated technical difficulties that prevent the timely electronic preparation and submission of the Form LM-2 or the Form T-1, the organization may file a paper format report by the required due date. An electronic format copy of the report must then be filed within 10 business days after the required due date.

**Continuing Hardship Exemption.** If a labor organization knows in advance that the Form LM-2 or the Form T-1 cannot be filed electronically without undue burden or expense, it may apply in writing for a continuing hardship exemption. The application must be received by OLMS at least 30 days before the required due date. The application must be mailed to the following address:

U.S. Department of Labor  
ESA/OLMS, Room N-5609  
200 Constitution Avenue, NW  
Washington, DC 20210

The application must include, but not be limited to, the following:

- the requested time period of the exemption not to exceed one year
- the justification for the requested time period
- a description of the burden and expense that the labor organization would incur if it was required to make an electronic submission
- the reasons for not submitting the report electronically

The continuing hardship exemption shall not be deemed granted until OLMS notifies the labor organization in writing.

**Additional Information.** The OLMS Web site at [www.olms.dol.gov](http://www.olms.dol.gov) contains extensive information about the Form LM-2 and the Form T-1.

**Form LM-3**

**Reporting Information.** Form LM-3 is less detailed, requiring the completion of 23 information and 32 financial items. Information to be reported includes:

- whether the union has any subsidiary organizations
- whether the union has a PAC
- whether the union discovered any loss or shortage of funds
- number of members
- rates of dues and fees
- payments to officers
- 6 asset categories and 4 liability categories
- 6 receipt categories
- 10 disbursement categories

**Form LM-4**

**Reporting Information.** Form LM-4 is the least detailed annual financial report, requiring completion of 13 information and 5 financial items. Information to be reported includes:

- whether the union changed its rates of dues and fees
- whether the union discovered any loss or shortage of funds
- number of members
- total value of assets
- total liabilities
- total receipts
- total disbursements
- total amount of payments to officers and employees

Software for electronically completing and filing Form LM-3 and Form LM-4 is available from the OLMS Web site:

Form LM-3:

[http://www.dol.gov/esa/regs/compliance/olms/lm3\\_downloadpg.htm](http://www.dol.gov/esa/regs/compliance/olms/lm3_downloadpg.htm)

Form LM-4:

[http://www.dol.gov/esa/regs/compliance/olms/lm4\\_downloadpg.htm](http://www.dol.gov/esa/regs/compliance/olms/lm4_downloadpg.htm)

**Simplified Annual Reports**

A local union that has no assets, liabilities, receipts, or disbursements, and which is not in trusteeship, is not required to file an annual report if its parent union files a simplified annual report on its behalf. In order to be eligible for this simplified annual reporting, the local must be governed solely by a uniform constitution and bylaws filed with OLMS by its parent union and its members must be subject to uniform fees and dues applicable to all members of the local unions for which the parent union files simplified reports. The parent union must submit annually to OLMS certain basic information about the local, including the names of all officers, together with a certification signed by the president and treasurer of the parent union.

If a parent body holds funds in the name of a local union and receives and disburses funds on behalf of the local, the local is considered to have receipts and disbursements and is not eligible to have a simplified annual report filed on its behalf by the national organization.

### **Terminal Labor Organization Reports**

Any union which has gone out of existence by disbanding, merging into another organization, or being merged and consolidated with one or more labor organizations to form a new organization must file a terminal report.

The terminal report must be filed on Form LM-2 if the union filed its last annual report on Form LM-2. It may be filed on Form LM-3 if the union filed its last annual report on Form LM-3, and its total receipts for the part of the fiscal year during which it was in existence were less than \$250,000. It may be filed on Form LM-4 if the union filed its last annual report on Form LM-4, and its total receipts for the part of the fiscal year during which it was in existence were less than \$10,000.

**Deadline.** The terminal report should be filed within 30 days after the effective date of the union's termination or loss of reporting identity.

**Signatures.** The terminal report, Forms LM-2, LM-3, or LM-4, must be signed by the president and treasurer or corresponding principal officers who were serving at the time of termination.

**Reporting Information.** This report must contain a detailed statement of the circumstances and effective date of the union's termination or loss of reporting identity. A union which is absorbed into another must report the name, address, and file number of the union into which it has been merged. The terminal report must reflect the union's financial condition at the time of termination or loss of reporting identity, must describe plans for the disposition of the organization's cash and other assets, and must cover the period from the beginning of the fiscal year through the date of termination.

### **Trusteeship Reports**

"Trusteeship" is defined in the LMRDA as "any receivership, trusteeship, or other method of supervision or control whereby a labor organization suspends the autonomy otherwise available to a subordinate body under its constitution or bylaws."

**Reporting Forms.** Trusteeship reports must be filed using the following forms:

- Form LM-15 - Trusteeship Report
- Form LM-16 - Terminal Trusteeship Report
- Form LM-15A - Report on Selection of Delegates and Officers

**Signatures.** All trusteeship reports on Forms LM-15, LM-15A, and LM-16 and the Form LM-2 filed on behalf of a trustee subordinate union must be signed by the president and treasurer or corresponding principal officers of the parent union and by the trustees of the subordinate union.

**Form LM-15**

**Initial Reports.** Within 30 days after imposing a trusteeship over a subordinate union, the parent union must file an initial Trusteeship Report, Form LM-15, to disclose the reasons for the trusteeship, when it was established, the financial condition of the trustee union at the time the trusteeship was established, and other required information.

**Semiannual Reports.** Within 30 days after the end of each 6-month period for the duration of the trusteeship, the parent union must file a semiannual report, on Form LM-15, explaining its reasons for continuing the trusteeship.

**Annual Financial Reports.** For the duration of the trusteeship, the parent union must file an annual financial report on Form LM-2 on behalf of the trustee subordinate union within 90 days after the end of the trustee union's fiscal year.

If the trustee union made any changes during the reporting year in the practices and procedures listed in the instructions for Item 18 of the Form LM-2, the parent union must file an amended Form LM-1 with the Form LM-2.

**Form LM-16**

**Terminal Reports.** Within 90 days after the termination of the trusteeship, or the loss of identity as a reporting organization by the trustee union, the parent union must file a Terminal Trusteeship Report, Form LM-16, disclosing: the date and method of terminating the trusteeship; the names, titles, and method of selecting the subordinate union's officers; and other required information. A terminal trusteeship financial report on Form LM-2 must also be filed within 90 days after the termination of the trusteeship.

**Form LM-15A**

**Report on Selection of Delegates and Officers.** Form LM-15A must be filed with an initial, semiannual, or terminal trusteeship report if, during the period covered by the report, there was any:

- convention or other policy-determining body to which the subordinate union sent delegates or would have sent delegates if not in trusteeship; or
- election of officers of the union which imposed the trusteeship over the subordinate union.

The extent of the trustee union's participation or nonparticipation in any such convention or election must be detailed on the Form LM-15A.

**Other Requirements**

The LMRDA requires every labor organization to:

- make available to all of its members information contained in all reports which must be filed with OLMS; and
- permit members, for just cause, to examine any books, records, and accounts necessary to verify such reports.

Members must file suit in state or Federal court to enforce these requirements. The CSRA contains similar provisions which are enforced by OLMS.

## Other Reports

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Form LM-30

### Labor Organization Officer and Employee Reports

**Conditions for Reporting.** Union officers or employees (except employees performing exclusively clerical or custodial services) must file a Labor Organization Officer and Employee Report, Form LM-30, if they or their spouses or minor children

- Have any of the following interests or dealings related to an employer whose employees their union represents or is actively seeking to represent:
  - hold any securities or other interest in, or have any income or other benefit from, such an employer (except wages or other benefits received as bona fide employees);
  - have a part in any transaction involving securities or other interests in, or loans to or from, such an employer;
  - have any business transaction or arrangement with such an employer; or
  - have any securities or other interest in, or income or other benefit from, any business consisting in substantial part of buying from, selling or leasing to, or otherwise dealing with, such an employer;
- Have received any payment of money or other thing of value from an employer or a person who acts as a labor relations consultant for an employer, except payments permitted by § 302(c) of the Labor Management Relations Act, 1947 (see LMRDA § 505); or
- Have any securities or other interest in, or income or other benefit from, a business which buys from, or sells or leases to, or otherwise deals with, their union or any trusts in which their union is interested.

**Non-Reportable Activities.** Reports are not required on bona fide investments in securities traded on a registered national securities exchange, in shares of a registered investment company, in securities of a registered public utility holding company, or on any income from such bona fide investments.

**Deadline.** Labor organization officers and employees must file Form LM-30 within 90 days after the end of their fiscal year.

**Signatures.** Form LM-30 must be signed by the union officer or employee required to file it.

Form LM-10

### Employer Reports

**Conditions for Reporting.** Employers must file annual reports to disclose certain specified financial dealings with their employees, unions, union agents, and labor relations consultants. Employer Report, Form LM-10, must be filed by employers to disclose:

- Payments or other financial arrangements (other than those permitted under § 302(c) of the Labor Management Relations Act, 1947, and payments and loans by banks and similar institutions) which they made to any union, its officers, or its employees;
- Payments to any of their employees for the purpose of causing them to persuade other employees with respect to their bargaining and representation rights, unless the other employees are told about these payments before or at the same time they are made;
- Payments for the purpose of interfering with employees in the exercise of their bargaining and representation rights, or obtaining information on employee or union activities in connection with labor disputes involving their company; and
- Arrangements (and payments made under these arrangements) with a labor relations consultant or any other person for the purpose of persuading employees with respect to their bargaining and representation rights, or for obtaining information concerning employee activities in a labor dispute involving their company.

**Non-Reportable Activities.** Employers need not report

- Bona fide wages and other benefits for regular services;
- Arrangements or expenditures solely for obtaining information in connection with an administrative, arbitral, or court proceeding;
- Payments permitted by § 302(c) of the Labor Management Relations Act, 1947, which exempts certain payments, such as compensation for an employee's service to an employer, payment of a court award, payment for an article bought at the market price in regular business dealings, deductions from wages for union membership dues made on proper written authorization from employees, and payments to trust funds for an employee's benefit when those funds meet certain detailed standards; or
- The services of a labor relations consultant or any other person with regard to advice which that consultant or person has given to the employer, or with regard to the consultant representing the employer in a proceeding of the type referred to above, or who agrees to engage in collective bargaining on behalf of the employer.

**Deadline.** Employers must file Form LM-10 within 90 days after the end of their fiscal year.

**Signatures.** Form LM-10 must be signed by the president and treasurer or corresponding principal officers of the company.

## **Labor Relations Consultant Reports**

Form LM-20

**Conditions for Reporting.** Every person, including a labor relations consultant, who enters into an arrangement with an employer under which he or she undertakes activities where an object thereof is, directly or indirectly, to persuade employees about exercising their rights to organize and bargain collectively **or** obtain information about the activities of employees or a union in connection with a labor dispute involving the employer (except information solely for administrative, arbitral, or court proceedings) must file an Agreement and Activities Report, Form LM-20.

Form LM-21

**Conditions for Reporting.** Every person required to file a Form LM-20 also must file an annual Receipts and Disbursements Report, Form LM-21, if any payments were made or received during the fiscal year as a result of arrangements of the kind requiring the Form LM-20.

**Deadline.** Form LM-20 must be filed within 30 days after entering into each reportable agreement or activity. Form LM-21 is due within 90 days after the end of the consultant's fiscal year.

**Signatures.** Forms LM-20 and LM-21 must be signed by the president and treasurer or corresponding principal officers of the consultant firm or, if self-employed, by the consultant required to file them.

## **Surety Company Reports**

Form S-1

**Conditions for Reporting.** Every surety company which issues any bond required by the LMRDA or the Employee Retirement Income Security Act of 1974 (ERISA) must file the Surety Company Annual Report, Form S-1, with OLMS regarding its bond experience under each act.

**Deadline.** Form S-1 must be filed within 150 days after the end of a surety company's fiscal year.

**Signatures.** Form S-1 must be signed by the president and treasurer or corresponding principal officers of the company.

**NOTE:** Forms LM-30, LM-10, LM-20, LM-21, and S-1 are not required under the CSRA.

## OLMS Assistance

Staff is available to answer questions about the LMRDA at the OLMS Field Offices.

### Atlanta District Office

61 Forsyth Street, SW, Room 8B85  
Atlanta, GA 30303  
(404) 562-2083

### Birmingham Resident Investigator Office

950 22<sup>nd</sup> Street, North, Suite 601  
Birmingham, AL 35203  
(205) 731-0239

### Boston District Office

JFK Federal Building, Room E-365  
Boston, MA 02203  
(617) 624-6690

### Buffalo District Office

130 South Elmwood Ave., Suite 510  
Buffalo, NY 14202  
(716) 842-2900

### Chicago District Office

230 South Dearborn Street, Room 774  
Chicago, IL 60604  
(312) 596-7160

### Cincinnati District Office

36 East Seventh Street, Room 2550  
Cincinnati, OH 45202  
(513) 684-6840

### Cleveland District Office

1240 East 9th Street, Room 831  
Cleveland, OH 44199-2053  
(216) 357-5455

### Dallas District Office

525 Griffin Street, Room 300  
Dallas, TX 75202  
(972) 850-2500

### Denver District Office

1999 Broadway, Suite 2435  
Denver, CO 80201-6550  
(720) 264-3232

### Detroit District Office

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### Grand Rapids Resident Investigator Office

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### Honolulu Resident Investigator Office

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### Houston Resident Investigator Office

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### Las Vegas Resident Investigator Office

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### Los Angeles District Office

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Los Angeles, CA 90017  
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### New Orleans District Office

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### St. Louis District Office

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### San Francisco District Office

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### Seattle District Office

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Seattle, WA 98101  
(206) 398-8099

### Tampa Resident Investigator Office

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Tampa, FL 33609  
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### Washington District Office

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Washington, DC 20002  
(202) 513-7300

## For More Information

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- Send questions to [olms-public@dol.gov](mailto:olms-public@dol.gov).
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