Federal Register

Monday,
May 12, 2008

Part III

Department of Labor

Office of Labor-Management Standards

29 CFR Part 403
Labor Organization Annual Financial Reports; Proposed Rule

DEPARTMENT OF LABOR

Office of Labor-Management Standards

29 CFR Part 403

RIN 1215–AB62

Labor Organization Annual Financial Reports

AGENCY: Office of Labor-Management Standards, Employment Standards Administration, Department of Labor.

ACTION: Notice of proposed rulemaking; request for comments.

SUMMARY: The Department of Labor's Employment Standards Administration (''ESA'') proposes to: make several revisions to the current Form LM–2 (used by the largest labor organizations to file their annual financial reports) that will provide additional information on Schedules 3, 4, 11 and 12, clarify reporting under certain functional categories and add itemization schedules corresponding to categories of receipts; and establish a procedure and standards by which the Secretary of Labor may revoke a particular labor organization's privilege to file a simplified annual report, Form LM–3, where appropriate, after investigation, due notice, and opportunity for a hearing. The proposed changes are made pursuant to section 208 of the Labor-Management Reporting and Disclosure Act (''LMRDA''). The proposed rule will apply prospectively.

DATES: Comments must be received on or before June 26, 2008.

ADDRESSES: You may submit comments, identified by RIN 1215-AB62, only by the following methods:

Internet—Federal eRulemaking Portal. Electronic comments may be submitted through *http://www.regulations.gov.* To locate the proposed rule, use key words such as ''Labor-Management Standards'' or ''Labor Organization Annual Financial Reports'' to search documents accepting comments. Follow the instructions for submitting comments. Please be advised that comments received will be posted without change to *http://www.regulations.gov*, including any personal information provided.

Mail: Mailed comments should be sent to: Kay H. Oshel, Director of the Office of Policy, Reports and Disclosure, Office of Labor-Management Standards, U.S. Department of Labor, 200 Constitution Avenue, NW., Room N–5609, Washington, DC 20210.

Because of security precautions the Department continues to experience delays in U.S. mail delivery. You should take this into consideration when preparing to meet the deadline for submitting comments.

The Office of Labor-Management Standards (''OLMS'') recommends that you confirm receipt of your mailed comments by contacting (202) 693–0123 (this is not a toll-free number). Individuals with hearing impairments may call (800) 877–8339 (TTY/TDD).

Only those comments submitted through *http://www.regulations.gov*, hand-delivered, or mailed will be accepted.

Comments will be available for public inspection during normal business hours at the above address.

FOR FURTHER INFORMATION CONTACT: Kay H. Oshel, Director of the Office of Policy, Reports and Disclosure, at: Kay H. Oshel, U.S. Department of Labor Employment Standards Administration, Office of Labor-Management Standards, 200 Constitution Avenue, NW., Room N–5609, Washington, DC 20210, (202) 693–1233 (this is not a toll-free number), (800) 877–8339 (TTY/TDD).

SUPPLEMENTARY INFORMATION:

I. Statutory Authority

This proposed rule is issued pursuant to section 208 of the LMRDA, 29 U.S.C. 438. Section 208 authorizes the Secretary of Labor to issue, amend, and rescind rules and regulations to implement the LMRDA's reporting provisions. Secretary's Order 4–2007, issued May 2, 2007, and published in the **Federal Register** on May 8, 2007 (72 FR 26159), contains the delegation of authority and assignment of responsibility for the Secretary's functions under the LMRDA to the Assistant Secretary for Employment Standards and permits re-delegation of such authority. The proposal implements section 201 of the LMRDA, which requires covered labor organizations to file annual, public reports with the Department, identifying the labor organization's assets and liabilities, receipts, salaries and other direct or indirect disbursements to each officer and all employees receiving $10,000 or more in aggregate from the labor organization, direct or indirect loans (in excess of $250 aggregate) to any officer, employee, or member, loans (of any amount) to any business enterprise, and other disbursements during the reporting period. 29 U.S.C. 431(b). The statute requires that such information shall be filed ''in such detail as may be necessary to disclose [a labor organization's] financial conditions and operations.'' *Id.*

Section 208 authorizes the Secretary to establish ''simplified reports for labor organizations or employers for whom [s]he finds that by virtue of their size a detailed report would be unduly burdensome.'' Section 208 also authorizes the Secretary to revoke this privilege for any labor organization or employer if the Secretary determines, after such investigation as she deems proper and due notice and opportunity for a hearing, that the purposes of section 208 would be served by revocation.

II. Background

A. Introduction

This proposal is part of the Department's continuing effort to better effectuate the reporting requirements of the LMRDA. The LMRDA's various reporting provisions are designed to empower labor organization members by providing them the means and information to maintain democratic control over their labor organizations and ensure a proper accounting of labor organization funds. Labor organization members are better able to monitor their labor organization's financial affairs and to make informed choices about the leadership of their labor organization and its direction when they receive the financial information required by the LMRDA. By reviewing the reports, a member may ascertain the labor organization's priorities and whether they are in accord with the member's own priorities and those of fellow members. At the same time, this transparency promotes both the labor organization's own interests as democratic institutions and the interests of the public and the government. Furthermore, the LMRDA's reporting and disclosure provisions, together with the fiduciary duty provision, 29 U.S.C. 501, which directly regulates the primary conduct of labor organization officials, operate to safeguard a labor organization's funds from depletion by improper or illegal means. Timely and complete reporting also helps deter labor organization officers or employees from making improper use of such funds or embezzling assets.

In its continuing effort to achieve these goals, the Department proposes: first, to modify and improve the Form LM–2 by requiring additional information about the receipt and disbursement of labor organization funds; and second, to establish standards and procedures for revoking, where appropriate, the privilege afforded some labor organizations to file simplified annual reports, after investigation, due notice, and opportunity for a hearing.

The proposed rule brings the reporting requirements for labor organizations in line with contemporary expectations for the disclosure of financial information. Today labor organizations are more like modern corporations in their structure, scope, and complexity than the labor organizations of 1959.[1] Further, as benefits have become a larger component of compensation, information about such benefits has become more important to members.[2] Moreover, labor organization members today are better educated, more empowered, and more familiar with financial data and transactions than ever before. As labor organization members, no less than as consumers, citizens, or creditors, they expect access to relevant and useful information in order to make fundamental investment, career, and retirement decisions, evaluate options, and exercise legally guaranteed rights.

In August and September of 2007, Department officials met with representatives of the community that would be affected by the proposed changes, including officials of labor organizations and their legal counsel, to hear their views on the need for reform and the likely impact of changes that might be made. The Department developed its proposal with these discussions in mind and it requests comments from this community and other members of the public on any and all aspects of the proposal.

B. The LMRDA's Reporting and Other Requirements

In enacting the LMRDA in 1959, a bipartisan Congress made the legislative finding that in the labor and management fields ''there have been a number of instances of breach of trust, corruption, disregard of the rights of individual employees, and other failures to observe high standards of responsibility and ethical conduct which require further and supplementary legislation that will afford necessary protection of the rights and interests of employees and the public generally as they relate to the activities of labor organizations, employers, labor relations consultants, and their officers and representatives.'' 29 U.S.C. 401(a). The statute was designed to remedy these various ills through a set of integrated provisions aimed at labor organization governance and management. These include a ''bill of rights'' for labor organization members, which provides for equal voting rights, freedom of speech and assembly, and other basic safeguards for labor organization democracy, *see* 29 U.S.C. 411–15; financial reporting and disclosure requirements for labor organizations, their officers and employees, employers, labor relations consultants, and surety companies, *see* 29 U.S.C. 431–36, 441; detailed procedural, substantive, and reporting requirements relating to labor organization trusteeships, *see* 29 U.S.C. 461–66; detailed procedural requirements for the conduct of elections of labor organization officers, *see* 29 U.S.C. 481–83; safeguards for labor organizations, including bonding requirements, the establishment of fiduciary responsibilities for labor organization officials and other representatives, criminal penalties for embezzlement from a labor organization, a prohibition on certain loans by a labor organization to officers or employees, prohibitions on employment and officeholding of certain convicted felons in a labor organization, and prohibitions on payments to employees, labor organizations, and labor organization officers and employees for prohibited purposes by an employer or labor relations consultant, *see* 29 U.S.C. 501–05; and prohibitions against extortionate picketing, retaliation for exercising protected rights, and deprivation of LMRDA rights by violence, *see* 29 U.S.C. 522, 529, 530.

The LMRDA was the direct outgrowth of a congressional investigation conducted by the Select Committee on Improper Activities in the Labor or Management Field, commonly known as the McClellan Committee, chaired by Senator John McClellan of Arkansas. In 1957, the committee began a highly publicized investigation of labor organization racketeering and corruption; and its findings of financial abuse, mismanagement of labor organization funds, and unethical conduct provided much of the impetus for enactment of the LMRDA's remedial provisions. *See generally* Benjamin Aaron, *The Labor-Management Reporting and Disclosure Act of 1959*, 73 Harv. L. Rev. 851, 851–55 (1960). During the investigation, the committee uncovered a host of improper financial arrangements between officials of several international and local labor organizations and employers (and labor consultants aligned with the employers) whose employees were represented by the labor organizations in question or might be organized by them. *See generally Interim Report of the Select Committee on Improper Activities in the Labor or Management Field*, S. Report No. 85–1417 (1957); *see also* William J. Isaacson, *Employee Welfare and Benefit Plans: Regulation and Protection of Employee Rights*, 59 Colum. L. Rev. 96 (1959).

Financial reporting and disclosure was conceived as a partial remedy for these improper practices. As noted in a key Senate Report on the legislation, disclosure would discourage questionable practices (''The searchlight of publicity is a strong deterrent.''); aid labor organization governance (Labor organizations will be able ''to better regulate their own affairs. The members may vote out of office any individual whose personal financial interests conflict with his duties to members.''); facilitate legal action by members against ''officers who violate their duty of loyalty to the members''; and create a record (The reports will furnish a ''sound factual basis for further action in the event that other legislation is required.''). S. Rep. No. 187 (1959), at 16, *reprinted in 1 NLRB Legislative History of the Labor-Management Reporting and Disclosure Act of 1959*, at 412.

The Department has developed several forms for implementing the LMRDA's financial reporting requirements. The annual reports required by section 201(b) of the Act, 29 U.S.C. 431(b) (Form LM–2, Form LM–3, and Form LM–4), contain information about a labor organization's assets, liabilities, receipts, disbursements, loans to officers and employees and business enterprises, payments to each officer, and payments to each employee of the labor organization paid more than $10,000 during the fiscal year.[3] The

[1] There are now more large labor organizations affiliated with a national or international body than ever before. At the close of FY 2005, 4,452 labor organizations, including 101 national and international labor organizations, reported $250,000 or more in total annual receipts. Unless otherwise noted, all estimates are based on data from the OLMS electronic labor organization reporting system (''e.LORS'') for FY 2005.

[2] The balance between wages/salaries paid to workers and their ''other compensation'' has changed significantly during this time. For example, in 1966, over 80% of total compensation consisted of wages and salaries, with less than 20% representing benefits. U.S. Department of Labor, Report on the American Workforce (2001) 76, 87. By 2007, wages dropped to 70.8% of total compensation and benefits grew to 29.2% of the compensation package. U.S. Department of Labor, Bureau of Labor Statistics Chart on Total Benefits, available on the Web site of the Bureau of Labor Statistics, *http://www.bls.gov.*

[3] The format of Forms LM–2 and LM–3 remained essentially unchanged from the early 1960s, when the Department issued the first and second generation of rules under the Act, until October 2003 when the revised Form LM–2 was issued. *See, e.g.*, 25 FR 433 (Jan. 20, 1960); 28 FR 14383 (Dec. 27, 1963). The Form LM–4 was adopted by a final rule in 1992 with an effective date of December 31, 1993. *See* 57 FR 49356–49365 (Oct. 30, 1992). The effective date was subsequently postponed until

Continued

reporting detail required of labor organizations, as the Secretary has established by rule, varies depending on the amount of the labor organization's annual receipts. 29 CFR 403.4.

Labor organizations with annual receipts of at least $250,000 and all labor organizations in trusteeship (without regard to the amount of their annual receipts) must file the Form LM–2. 29 CFR 403.2–403.4. This form may be filed voluntarily by any other labor organization. The Form LM–2 requires receipts and disbursements to be reported by functional categories, such as representational activities; political activities and lobbying; contributions, gifts, and grants; union administration; and benefits. Further, the form requires filers to allocate the time their officers and employees spend according to functional categories, as well as the payments that each of these officers and employees receive, and it compels the itemization of certain transactions totaling $5,000 or more. This form must be electronically signed and filed with the Department.[4]

Forms LM–3 and LM–4 were developed by the Secretary to meet the LMRDA's charge that she develop ''simplified reports for labor organizations and employers for whom [s]he finds by virtue of their size a detailed report would be unduly burdensome,'' 29 U.S.C. 438. A labor organization not in trusteeship that has total annual receipts less than $250,000 for its fiscal year may elect, ''subject to revocation of the privilege,'' to file Form LM–3 instead of Form LM–2. *See* 29 CFR 403.4(a)(1).[5] The Form LM–3 is a five-page document requiring labor organizations to provide particularized information by certain categories, but in less detail than Form LM–2. A labor organization not in trusteeship that has total annual receipts less than $10,000 for its fiscal year may elect, ''subject to revocation of the privilege,'' to file Form LM–4 instead of Form LM–2 or Form LM–3. 29 CFR 403.4(a)(2). The Form LM–4 is a two-page document that requires a labor organization to report only the total aggregate amounts of its assets, liabilities, receipts, disbursements, and payments to officers and employees.

The labor organization's president and treasurer (or its corresponding officers) are personally responsible for filing the reports and for any statement in the reports known by them to be false. 29 CFR 403.6. These officers are also responsible for maintaining records in sufficient detail to verify, explain, or clarify the accuracy and completeness of the reports for not less than five years after the filing of the forms. 29 CFR 403.7. A labor organization ''shall make available to all its members the information required to be contained in such reports'' and ''shall * * * permit such member[s] for just cause to examine any books, records, and accounts necessary to verify such report[s].'' 29 CFR 403.8(a).

The reports are public information. 29 U.S.C. 435(a). The Secretary is charged with providing for the inspection and examination of the financial reports, 29 U.S.C. 435(b); for this purpose, OLMS maintains: (1) A public disclosure room at its national office in Washington, DC[6] where copies of such reports filed with OLMS may be reviewed and; (2) an online public disclosure site, www.unionreports.gov, where copies of such reports filed since the year 2000 are available for the public's review.

III. Proposal

A. Proposal To Improve the Form LM–2

1. Introduction

The Department is proposing further enhancements to the Form LM–2 for the purpose of clarifying reporting and providing additional information to labor organization members and the public about the financial activities of labor organizations. The proposed enhancements provide additional information in Schedule 3 (Sale of Investments and Fixed Assets) and Schedule 4 (Purchase of Investments and Fixed Assets) that will allow verification that these transactions are performed at arm's length and without conflicts of interest. Schedules 11 and 12 will be revised to include the value of benefits paid to and on behalf of officers and employees. This will provide a more accurate picture of total compensation received by labor organization officers and employees. In addition, the proposed changes will require the reporting on Schedules 11 and 12 of travel reimbursements indirectly paid on behalf of labor organization officers and employees.

This proposed change will provide more accurate information on travel disbursements for labor organization officers and employees. The proposed enhancements also include additional schedules corresponding to the following categories of receipts: Dues and Agency Fees; Per Capita Tax; Fees, Fines, Assessments, Work Permits; Sales of Supplies; Interest; Dividends; Rents; On Behalf of Affiliates for Transmittal to Them; and From Members for Disbursement on Their Behalf. These schedules will provide additional information, by receipt category, of aggregated receipts of $5,000 or more. The $5,000 threshold for itemization is used throughout the Form LM–2. This proposed change is consistent with the information currently provided on disbursements. The Department also requests comment from the public regarding the appropriateness of the current functional disbursement categories in the Form LM–2. Comment is sought on whether changes should be made to these sections in order to improve their usability to members of labor organizations and the public. Form LM–2 is filed by approximately 18.5 percent of the reporting labor organizations, *i.e.*, those with $250,000 or more in total annual receipts. Finally, the Department proposes to amend the Form LM–2 instructions to conform to the requirements for the proposed Form T–1.

The revisions to the Form LM–2 made by the Department in 2003 have helped to fulfill the LMRDA's reporting mandate. However, based upon the Department's experience since 2003 and after reviewing data from reports filed on the revised form, the Department believes that further enhancements to Form LM–2 are necessary. The proposed enhancements, as more fully described below, will ensure that information is reported in such a way as to meet the objectives of the LMRDA by providing labor organization members with useful data that will enable them to be responsible and effective participants in the democratic governance of their labor organizations. The proposed changes are designed to provide members of labor organizations with additional and more detailed information about the financial activities of their labor organization that is not currently available through the Form LM–2 reporting. Moreover, experience with the software and technology developed for the 2003 revisions show that it is possible to provide the level of detail necessary to give labor organization members a more accurate picture of their labor

December 31, 1994. *See* 58 FR 28304 (May 12, 1993). The Form LM–4 was then revised slightly and adopted by a final rule with the same December 31, 1994 effective date. *See* 58 FR 67594 (Dec. 21, 1993).

[4] The Form LM–2 and its instructions are published at 68 FR 58449–523 (Oct. 9, 2003) and are available at *http://www.olms.dol.gov.* Copies of the Form LM–3 and Form LM–4 are also available at *http://www.olms.dol.gov.*

[5] The 2003 rule set this amount at $250,000. However, the rule inadvertently failed to change the figure in 29 CFR 403.4(a)(1) from $200,000 to $250,000. As part of this proposal, the Department intends to revise section 403.4(a)(1) by correcting it to read ''$250,000.'' See proposed text of regulation.

[6] The public disclosure room is located in Room N–1519 of the Francis Perkins Building, 200 Constitution Ave., NW, Washington, DC 20210.

organization's financial condition and operations without imposing an unwarranted burden on reporting labor organizations. When a final rule is promulgated based on this notice of proposed rulemaking the Department will revise the Form LM–2 software currently in use by Form LM–2 filers to conform to any changes made in the final rule and will make it available to filers without charge.

These proposed changes are consistent with the goals of the LMRDA and its legislative history as discussed above and in connection with the Department's 2002 NPRM and 2003 Final Rule. The reasons underlying the proposed revisions to the Form LM–2 are discussed section by section below.

2. The Proposed Revisions to the Form LM–2 and Instructions

The following is a ''section-by-section'' discussion of the sections, items and schedules on the proposed revised Form LM–2 and instructions:

Items 1–21. These sections on the form are unchanged.[7]

Statement A. This statement is unchanged.

Statement B. Receipts and Disbursements: This statement currently contains two primary columns, one with the heading ''Cash Receipts'' and one with the heading ''Cash Disbursements.'' Under each heading are items listed that describe categories of receipts or disbursements that should be reported. There are no proposed changes to the items listed under ''Cash Receipts.'' As discussed below, however, the Department proposes additional schedules to correspond to items listed under ''Cash Receipts'' for which currently no schedules exist. As a result of these changes, the remaining cash disbursement items will be renumbered on Statement B. The proposed new form, including the new numbering system for the cash disbursement items can be found in the appendix to this proposed rule.

Schedules 1–2. These schedules are unchanged.

Schedule 3—Sale of Investments and Fixed Assets: The Department proposes to add two new columns to Schedule 3. The first new column entitled ''Name and Address of Purchaser (A)'' will disclose the purchasers of investments and fixed assets from the labor organization, if in the aggregate the sales amount to $5,000 or more per purchaser. A second column ''Date (C)'' will disclose the date of the sale. These additions will provide members with information necessary to verify that the sale was transacted at market price and at arm's length, thereby helping prevent interested parties from unjustly enriching themselves by purchasing labor organization assets at below-market price. The Department believes that Schedules 3 and 4 of the current Form LM–2 (the latter discussed below) do not provide labor organization members with adequate information to enable them to determine whether a particular purchase or sale of an investment or asset was transacted at market price and at arm's length. For instance, one labor organization in its latest Form LM–2 reported that it had sold a ''John Deere Lawn Tractor, Trailer and Mower'' for $678, even though this asset had a book value and cost of $18,000. Another labor organization reported that it had sold automobiles that had a book value of $57,997, a ''real estate investment trust'' that had a book value of $25,735, and furniture and equipment with a book value of $7,634. For each of these items, the union listed the sale price as $0. This same labor organization sold corporate stocks with a book value of $29,570,505 for $34,297,627. Another union sold a Ford Explorer for $9,252 that had a book value of $23,471. In all these situations, labor organization members would be unable to determine whether the labor organization received fair market value for the items that it sold, whether an insider benefited from these transactions, or whether the union's officials are properly managing the labor organization's finances. The book value of an asset is the value at which the investment or fixed asset was shown on the labor organization's books. The value of certain assets such as stocks can vary greatly within the fiscal year. Because the date of sales is not listed on the current Form LM–2, a labor organization member is unable to determine whether the labor organization received good value on the sale transaction. The stock on the day of the sale may have been worth much more than its book value. In this scenario, a labor organization member would be unable to determine whether the stocks were sold by the labor organization at market value. The labor organization's financial report filed on the current Form LM–2 would show this transaction as a profit for the labor organization, but the transaction could also have been detrimental to the labor organization if the asset was sold at a price below current market value. The proposed changes will help ensure disclosure of any potential conflicts of interest between the purchaser and the labor organization. The schedule will total all individually itemized transactions and will provide the sum of the sales by itemized individual purchasers and the sum of all non-itemized sales of investments and fixed assets, as well as the total of all sales. The Department estimates that this proposed change would impose a recurring burden on labor organizations of .51 hours per year. *See* the Department's initial Paperwork Reduction Act (''PRA'') analysis below; *see also* Table 2 below.

Schedule 4—Purchase of Investments and Fixed Assets: The Department proposes to add two new columns to Schedule 4. The first new column entitled ''Name and Address of Seller'' will disclose the identity of the seller of investments and fixed assets to the labor organization, if in the aggregate the sales amount to $5,000 or more per seller. A second new column will disclose the date of the purchase. These changes will provide information to allow members to verify that all such sales were transacted at market price and at arm's length, thereby helping to prevent parties from unjustly enriching themselves by selling assets to a labor organization at above market price. The Department's review of data filed on the current Form LM–2 has demonstrated that the current form does not provide labor organization members with a clear understanding of the entities that are receiving in some cases hundreds of millions of dollars of the labor organization members' money. For instance, one labor organization listed on one line of its report disbursements of $789,369,139, another labor organization reported disbursements of $313,978,214, and another labor organization reported disbursements of $156,544,561. Labor organizations also report smaller amounts on this schedule. For instance, three labor organizations reported disbursements of $5,353, $5,350, and $6,952 on this schedule. None of the reports disclose the parties that sold these assets to these labor organizations. As such, the members of these labor organizations are not in a position to know whether these sums of money were well spent. The proposed changes help ensure the disclosure of any potential conflicts of interest between the seller and the labor organization. The schedule will total all individually itemized transactions and will provide the sum of the purchases from itemized individual sellers and the

[7] The Department published on March 4, 2008 a proposed rule that would establish a Form T–1 relating to the financial operations of ''trust[s] in which a labor organization is interested.'' *See* 29 U.S.C. 402(l), 438. The proposed Form T–1 rule, if adopted, will affect the instructions to the Form LM–2. *See* 73 FR 11754.

sum of all other purchases of investments and fixed assets as well as the total of all purchases. As discussed below in the Department's initial PRA analysis, the Department estimates that this proposed change would impose a recurring burden on labor organizations of .56 hours per year. *See* Table 2 below.

Schedules 5–10. These schedules are unchanged.

Schedule 11—All Officers and Disbursements to Officers: The Department proposes two substantive changes to the categories of disbursements reported on this schedule. First, an exception to the reporting of indirect disbursements will be eliminated and, therefore, both direct and indirect payments on behalf of the officer for travel expenses will be reported on Schedule 11. A ''direct disbursement'' to an officer is a payment made by the labor organization to the officer in the form of cash, property, goods, services, or other things of value. An ''indirect disbursement'' to an officer is a payment made by the labor organization to another party for cash, property, goods, services, or other things of value received by or on behalf of the officer. Such payments include those made through a credit arrangement under which charges are made to the account of the labor organization and are paid by the labor organization. For example, when a union, through its credit arrangements, is billed directly and pays the airline bills of an officer, the union will have to include this amount as part of the disbursements made to the particular officer.

The instructions to the current Form LM–2 except from reporting on Schedule 11:

> Indirect disbursements for temporary lodging (room rent charges only) or transportation by public carrier necessary for conducting official business while the officer is in travel status away from his or her home and principal place of employment with the labor organization if payment is made by the labor organization directly to the provider or through a credit arrangement and these disbursements are reported in disbursement Schedules 15 through 19.

The distinction between reporting of direct and indirect disbursements has existed for more than 40 years. The distinction, which was not in the first set of Form LM–2 instructions, was established because of the difficulties faced by unions in then reconstructing documentation for certain payments for their prior fiscal year. Because of this difficulty, organizations were allowed to report such disbursements as functional expenses of the organization rather than as disbursements to particular officials. This distinction remained in the instructions and was not revisited by DOL despite changes in data reporting and record retention methods over the intervening decades. This issue was not addressed in the 2002–2003 rulemaking. The Department proposes to eliminate this distinction. Disbursements for temporary lodging and transportation made directly to the labor organization officer by the labor organization are reported on Schedule 11; however, the exemption applies if the labor organization pays the vendor directly for the travel. This distinction does not serve the purpose of section 201(b)(3) of the LMRDA, 29 U.S.C. 431(b)(3), which calls for reporting of ''other direct or indirect disbursements (including reimbursed expenses) to each officer and also to each employee. * * *'' Under the current instructions, however, these indirect disbursements are not attributed to the labor organization officer.

That payment for an official's travel and lodging expenses is made by credit card and does not reduce the significance of the expense to a labor organization member; yet the current Form LM–2 treats the method of payment as significant. Travel and lodging expenses for a particular officer may raise questions among the membership for various reasons. The choice of transportation by public carrier (airplane, train or bus) and the level of accommodation (first-class or coach) may be significant to a member. Lodging choices may run from a motor inn to a five-star hotel; where options are available, the officer's choice of accommodation may be significant to a member. However, the mode of payment now controls whether a labor organization member knows the full extent of disbursements made for a particular official of the labor organization. Although the specifics of the travel will not appear on the Form LM–2, members will have a better understanding of the total amount of disbursements made to or on behalf of a particular official. Through this more complete reporting, members of the labor organization will be better able to determine whether such disbursements warrant further scrutiny, including review of the underlying documentation maintained by the labor organization.

As discussed below in the Department's initial PRA analysis, the Department believes that the proposed elimination of this exception will result in a recurring burden of .19 hours per respondent.

Second, a new column will be added to Schedule 11 to allow disclosure of benefits disbursements for the labor organization official. Columns ''(A)'' through ''(E)'' will remain unchanged. Column ''(F)'' will be redesignated ''Benefits.'' This is the only new column on the schedule requiring disclosure of additional information. Column ''(G)'' will be redesignated ''Disbursements for Official Business.'' Column ''(H)'' will be redesignated ''Other Disbursements not reported in (D) through (G).'' Column ''(I)'' will be added for ''Total.''

The current Form LM–2 does not provide sufficient information on disbursements made to or on behalf of officers. Benefit disbursements include, for example, disbursements for life insurance, health insurance, and pensions. Labor organization members should be provided information on benefits disbursed to or on behalf of officers because benefits received by officers may be an important part of the compensation package provided by the labor organization. Reporting benefits disbursed in the aggregate on Schedule 20 does not provide labor organization members and the public with a complete picture of compensation received by labor organization officers. For example, one local in its 2005 Form LM–2 listed $491,252 for ''Officer's Union Fringes'' even though the labor organization had fewer than ten full-time officers. Unfortunately, a member of a labor organization has no way of knowing, for example, if these benefits were evenly distributed among the officers, or if one officer received $400,000 and the other eight officers split the remaining $91,252. Under the proposal, rather than report fringe benefits in the aggregate on the current Schedule 20, the labor organization will report the benefits on Schedule 11 by individual labor organization officer.

In another instance, a labor organization reported payments of $49,542 to ''Various Companies'' for ''Benefits Administration'' and payments of $64,219 to ''Various School Districts'' for ''Benefits paid on behalf of officers.'' Another labor organization reported on its Form LM–2 total disbursements of $461,971, $460,203, and $244,780 to certain individual officers. This disclosure did not take into account that these same officers and employees also received $181,297, $184,397, and $161,240 respectively as contributions to their employee benefit plans. These benefits payments were disclosed to the IRS but do not appear itemized by officers and employees on the Form LM–2. While labor organization members aware of the IRS data may be able to obtain this information about the compensation packages received by labor organization officers and employees, the Department's proposal will provide all

members with ready access to this information in a single database.

Under the current Form LM–2, such benefits payments are not required to be reported as having been made to or on behalf of a specific officer. Requiring that the aggregate amounts of benefits disbursements appear next to the name of each labor organization officer and employee, when applicable, will result in labor organizations better informing their members how their monies have been spent. The above examples demonstrate that the current Form LM–2 fails to provide a full accounting of labor organizations' disbursements to their officials. The current Form LM–2 allows benefits payments made to or on behalf of officers to be lumped together with general benefits paid to members in Schedule 20. With such large disbursements listed in one category, it is impossible for labor organization members to ascertain what benefits are being paid to labor organization officers and employees. The Department believes that combining these disbursements into a single schedule does not adequately inform labor organization members and the public regarding benefits paid to labor organization officers, and thus in this area the full reporting mandate of the LMRDA is not fulfilled.

As discussed below in the Department's initial PRA analysis, the Department believes that the addition of the benefits column to Schedule 11 will add an estimated recurring burden of .49 hours for officers *See* Table 3 below. Currently, labor organizations track benefit disbursements to officers for the IRS Form 990. Therefore, the only additional burden labor organizations will incur for Schedule 11 is the time required to enter the sum each officer received in benefits next to each officer's name on the Form LM–2. Furthermore, the proposed changes are consistent with the level of disclosure required in other contexts for executive and employee compensation.[8] Moreover, the need for greater transparency in compensation packages applies equally well to employees and not simply officers. Accordingly, the reasons discussed above apply to Schedule 12 below as well.

The Department recognizes that in the 2003 Form LM–2 Final Rule a decision was made to aggregate the benefits on Schedule 20 (Benefits) citing privacy considerations. *See* 68 FR 58374, 58387, 58399, 58426 (Oct. 9, 2003). The Department believes that its proposal to add a benefits column to Schedule 11 (and 12) in the manner described above will preserve the privacy of the individuals. Recognizing privacy implications, the Department in this NPRM is not proposing to require labor organizations to itemize individual payments made to their officers and employees. Rather the Department proposes that labor organizations disclose the total sum paid directly or indirectly to each officer and employee. This level of disclosure balances the need to disclose total compensation packages against the need to protect the privacy of individuals receiving certain payments.

The balance struck by this proposal will ensure that proper disclosure occurs, without disclosing private information to the general public, such as whether a particular officer or employee received an indirect payment for medical treatment. In fact, under the proposal a labor organization member reading the report will not be able to ascertain what types of benefits labor organization officers and employees receive, only the total value of these benefits. For instance, if a labor organization officer received a matching contribution to a 401(k) plan in the amount of $5,000, indirect payment of health insurance premiums in the amount of $6,700, and a health club membership in the amount of $1,200, the labor organization's Form LM–2 would disclose that this officer received a total of $12,900 in benefits. The individual payments will not be itemized, thus protecting the official's privacy interests. The labor organization, however, is required to provide such information to the Department of Labor upon its request or to permit a member of the labor organization for just cause to examine records necessary to verify the report, the latter pursuant to 29 U.S.C. 431(c).

Schedule 12—Disbursements to Employees: The proposed substantive changes to Schedule 12 are identical to the changes in Schedule 11 and the supporting reasons for the proposed changes are the same as described above for the changes to Schedule 11. One of the exceptions to the reporting of indirect disbursements will be eliminated and, therefore, both direct and indirect payments for travel expenses will be reported on Schedule 12. The reporting labor organization will be required to report aggregate benefits disbursements made to or on behalf of each of the employees listed on Schedule 12. A new column will be added to Schedule 12 to allow disclosure of benefits expenditures. Columns ''(A)'' through ''(E)'' will remain unchanged. Column ''(F)'' will be redesignated ''Benefits.'' This is the only new column on the schedule requiring disclosure of additional information. Column ''(G)'' will be redesignated ''Disbursements for Official Business.'' Column ''(H)'' will be redesignated ''Other Disbursements not reported in (D) through (G).'' Column ''(I)'' will be added for ''Total.''

As discussed below, the Department believes that the proposed elimination of the exception will result in a recurring burden of .38 hours and the addition of the benefits column to Schedule 12 will add an estimated recurring burden of .88 hours. See discussion of Schedule 12 in the PRA analysis below (figures here derived from the recordkeeping burden associated with benefits and travel).

Schedule 13—Membership Status: This schedule is unchanged.

Detailed Summary Page: The current detailed summary page contains information from Schedule 14 through Schedule 19. The new detailed summary page will include information from Schedule 14 through Schedule 29. These summary pages will provide members with a snapshot of the labor organization's activities. Members may then use this snapshot to determine whether further analysis of the individual itemized schedules is required. There is no additional burden associated with these summary schedules because the software will automatically enter the totals in the appropriate lines of the summary schedules as the labor organization fills out the individual itemization schedules.

Schedules 14–22. Currently, Form LM–2 filers only report the total amount received from dues and agency fees, per capita taxes, fees, fines, assessments, and work permits, sales of supplies, interest, dividends, rents, receipts on behalf of affiliates for transmittal to them, and receipts from members for disbursement on their behalf on Statement B. In some instances, these line items exceed $20 million. For example, one labor organization stated that it received over $298 million in per capita taxes and another received over $28 million in rent. Little useful information can be discerned from these totals alone.

The lack of itemization of most receipts on the current Form LM–2 makes it easier for criminals to embezzle money coming to labor organization accounts. In one case, the president and

[8] For example, the Securities and Exchange Commission on December 29, 2006, amended its regulations governing disclosure to that agency of executive compensation (71 FR 78338), and the Internal Revenue Service Form 990 requires more detailed disclosure in the area of executive compensation than does the Department's Form LM–2.

treasurer of a local labor organization converted over $184,129 in dues checks. However, the rank and file members, even if the individual checks had been in amounts of $5,000 or more, would have been unable to detect the conversion because the current Form LM–2 only requires the disclosure of the yearly total received in dues checks, not the reporting of individual checks received from employers. The proposed form will contain itemized information for each check that is $5,000 or more and disclose whether other checks aggregate to $5,000 or more. In those instances where the receipt checks, either alone or in combination aggregate to $5,000 or more, the labor organization will disclose this on the form. The change will address this problem, which extends to all the various reporting categories on the current form and not merely the receipt of dues payments, because now receipts-side embezzlements like the embezzlement of $184,129 mentioned above will be harder to hide.

The Department proposes to add new schedules that coincide with the items of cash receipts listed on Statement B. These schedules represent new requirements that labor organizations itemize the individual categories of receipts aggregated to $5,000 from any one source. The labor organization will be required to complete a separate itemization schedule for each individual or entity from which the labor organization has received $5,000 or more. Each transaction from that individual or entity will include information about the individual, the purpose of the payment, the date of the payment, and the amount of the payment. The total amount received from the individual or entity, both itemized and non-itemized, will be included at the bottom of the itemized schedule. The totals from each itemized schedule will then be added together and that number will be entered in the appropriate item on Statement B.

By providing itemization of receipts, labor organizations will better disclose to their members and the public a full accounting of all funds received and the identity of individuals and entities with whom the labor organization does business. The Department can use this information to determine the purpose of any receipt from one source in an amount of $5,000 or more, which will help identify possible diversion to unintended purposes. Members will be able to determine that money received by the labor organization is actually accounted for. For example, labor organization members can ensure that money they paid to the organization for disbursement on their behalf is accounted for on the Form LM–2. If there is no itemized receipt in new Schedule 22 for payments of $5,000 or more or the receipt is less than expected, then the member will know that the money was not properly reported and may pursue other avenues to determine what has happened to the money. The current Schedules 14 through 20 will be re-numbered as described herein. Schedules 14 through 22 will now provide itemized disclosure in the following areas of receipts:

Schedule 14—Dues and Agency Fees,
Schedule 15—Per Capita Tax,
Schedule 16—Fees, Fines, Assessments, and Work Permits,
Schedule 17—Sale of Supplies,
Schedule 18—Interest,
Schedule 19—Dividends,
Schedule 20—Rents,
Schedule 21—Receipts on Behalf of Affiliates for Transmittal to Them,
Schedule 22—Receipts from Members for Disbursement on Their Behalf.

Under the current form, receipts listed under the above listed categories on Statement B are not itemized on a separate schedule for aggregate amounts of $5,000 or more. The only itemized receipts are ''Other Receipts.'' ''Other Receipts'' of $5,000 or more are itemized on the current Schedule 14. Proposed Schedules 14 through 22 will include the same information that is currently required on Schedule 14 for ''Other Receipts.'' As discussed below in the Department's initial PRA analysis, the Department's estimates that the proposed changes will increase the recurring recordkeeping burden, per schedule, an additional .21 hours per year. The Department estimates that the total additional reporting burden for all the revised schedules will be .47 hours per year. See Table 2 below.

Additionally, the Department requests comments on whether to narrow, clarify, or remove the confidentiality exception from the Form LM–2 instructions. Currently, the following information is subject to special reporting privileges under the confidentiality exception: (1) Information that would identify individuals paid by the union to work in a non-union facility in order to assist the union in organizing employees, provided that such individuals are not employees of the union who receive more than $10,000 in the aggregate from the union in the reporting year; (2) information that would expose the reporting union's prospective organizing strategy; (3) information that would provide a tactical advantage to parties with whom the reporting union or an affiliated union is engaged or will be engaged in contract negotiations; (4) information pursuant to a settlement that is subject to a confidentiality agreement, or that the union is otherwise prohibited by law from disclosing; and (5) information in those situations where disclosure would endanger the health or safety of an individual. If the receipt or disbursement fits within one of the above broad categories, then the labor organization need not itemize the receipt or disbursement. Instead it may include the receipt or disbursement in the aggregated total on Line 3 of Summary Schedule 23 (Other Receipts) or on Line 5 of Summary Schedules 24 (Representational Activities) or 28 (Union Administration), as appropriate.

The current broad confidentiality exception makes it impossible to ascertain from reviewing the form the actual purpose and payer/payee of many receipts and disbursements. For example, one labor organization did not identify the name of the payee, date of disbursement, nor the amount of the transaction for over 46% of its disbursements. This labor organization reported $5,931,513 in disbursements on Schedule 15, Line 5 (All Other Disbursements). In Item 69, the labor organization stated that it had excluded certain confidential information from Schedule 15, but included the information in the totals. This same labor organization's total disbursements were $12,811,076. On a related matter, OLMS review of Form LM–2 filings has found that many major receipts and disbursements that do not qualify for the confidentiality exception, 68 FR 58499–500, are being included on Line 3 (total All Other Receipts) of Summary Schedule 14 (Other Receipts) or on Line 5 (total All Other Disbursements) of Summary Schedules 15 (Representational Activities) or 19 (Union Administration). Labor organizations are usually describing the general type of information that was omitted from the schedule in Item 69 (Additional Information), but the name of the payer/payee, date, and amount of the transaction(s) is not included. The Department believes that narrowing, clarifying, or removing the confidentiality exception will provide labor organization members with clearer information regarding these receipts and disbursements. A member now can only obtain specific information about these confidential transactions by requesting such information directly from the labor organization.

The Department specifically invites comments on whether all transactions greater than $5,000 should be identified by amount and date in the relevant

schedules, permitting, however, labor organizations, where acting in good faith and on reasonable grounds, to withhold information that otherwise would be reported, in order to prevent the divulging of information relating to the labor organization's prospective organizing or negotiation strategy.

Schedule 23—Other Receipts: This schedule, currently numbered Schedule 14, will be renumbered Schedule 23. No other changes will be made to this schedule.

Schedule 24—Representational Activities: This schedule, currently numbered Schedule 15, will be renumbered Schedule 24. No other changes will be made to this schedule.

Schedule 25—Political Activities and Lobbying: This schedule, currently numbered Schedule 16, will be renumbered Schedule 25. No other changes will be made to this schedule.

Schedule 26—Contributions, Gifts and Grants: This schedule, currently numbered Schedule 17, will be renumbered Schedule 26. No other changes will be made to this schedule.

Schedule 27—General Overhead: This schedule, currently numbered Schedule 18, will be renumbered Schedule 27. No other changes will be made to this schedule.

Schedule 28—Union Administration: This schedule, currently numbered Schedule 19, will be renumbered Schedule 28. No other changes will be made to this schedule.

Schedule 29—Benefits: This schedule, currently numbered Schedule 20, will be renumbered Schedule 29. As described above in the discussion regarding the proposed changes to Schedule 11 and Schedule 12, those benefits inuring to officers and employees of the labor organization will be listed next to the corresponding officer's or employee's name. Apart from this change, the same disbursements that were disclosed on Schedule 20 will be disclosed on the new Schedule 29. These include direct and indirect disbursements associated with direct and indirect benefits to members and members' beneficiaries.

The Department proposes that its rule take effect 30 days after publication and apply prospectively to labor organization's fiscal years beginning on or after the effective date of a final rule promulgated after this notice of proposed rulemaking.

Even though the Department is proposing at this time to change only the specific schedules identified above, it specifically requests comment on the appropriateness of the current functional categories and whether modifications to these categories are needed in order to provide labor organization members and the public with additional useful information.

B. Proposed Procedure and Standards to Revoke the Simplified Reporting Option Where Appropriate in Particular Circumstances

1. Introduction

The Department proposes to establish standards and procedures for revoking the simplified report filing privilege provided by 29 CFR 403.4(a)(1) for those labor organizations that are delinquent in their Form LM–3 filing obligation, fail to cure a materially deficient Form LM–3 report after notification by OLMS, or where other situations exist where revoking the Form LM–3 filing privilege furthers the purposes of LMRDA section 208. The Department anticipates that the vast majority of situations where revocation occurs will be for delinquency or material deficiency. (See Regulatory Flexibility Analysis below; the Department there estimates that of the 96 cases per year in which the simplified reporting privilege will be revoked all but two will be for delinquency or deficiency.) In granting the Secretary the authority to establish simplified forms, section 208 also authorizes the Secretary to revoke a labor organization's privilege to file such forms when the Secretary determines, after investigation, due notice, and an opportunity for a hearing, ''that the purposes of this section would be served [by revocation].'' The Department's primary method of enforcement to obtain a timely and complete report, a civil action seeking a court order that the labor organization file an adequate report, is a time-consuming process that permits the evasion of the reporting requirements to continue for lengthy periods, denying members the timely disclosure of this financial information, without which they are unable to properly oversee the operations of their labor organization and, where they believe appropriate, to timely change its leadership, policies, or both.

The proposed procedure will effectuate the Department's authority to revoke a labor organization's existing Form LM–3 filing privilege if it fails to timely file a Form LM–3 or files a Form LM–3 that is materially deficient. A delinquent filer has, by definition, failed to accurately disclose its financial condition and operations, as required by section 201(b). A materially deficient filing that remains uncorrected also violates section 201(b). The Department proposes that Form LM–2, rather than the less detailed Form LM–3, is the appropriate level of financial disclosure for labor organizations whose Form LM–3 filings are delinquent or materially deficient. The Form LM–2 not only requires more detail in general than the Form LM–3, but the Form LM–2 requires information that may be particularly pertinent to situations where possible financial mismanagement or embezzlement is suspected.

In the absence of an established procedure, the Department's ability to revoke a labor organization's privilege to file a simplified report has been hindered—no matter how egregious a labor organization's noncompliance with its reporting obligations, or obvious the indications of financial mismanagement, embezzlement, or corruption within that organization. The procedures set forth in this proposal will remedy this shortcoming in the Department's reporting system.[9]

The Department's goal in revoking the filing privilege is to promote greater financial transparency. The proposed rule fulfills that goal by requiring the affected labor organizations to file the standard reporting form, Form LM–2, which requires more detailed financial information than the Form LM–3. This additional financial information will assist members of labor organizations and OLMS investigators in reviewing the labor organization's funds and assets during the reporting period and enable them to determine whether additional scrutiny of the labor organization's finances is in order, for example, by requesting an explanation of the accounting, examining the underlying records of various transactions, or both.[10]

2. Reason for the Proposal

The Department's enforcement experience has shown that the failure of labor organizations to file the annual Form LM–3 on time and without material deficiencies is often an indicator of larger problems about the

[9] The proposed revocation procedures will not affect labor organizations with annual receipts less than $10,000. While section 208 allows the Secretary to revoke the privilege of such labor organizations to file the highly simplified Form LM–4, the Department is not proposing at this time to apply such procedure to Form LM–4 filers.

[10] OLMS intends to continue its regular practice of contacting Form LM–3 filers at the end of their fiscal year about their filing obligation, and, in doing so, it will inform them of the potential revocation of their privilege to file the Form LM–3 if they are delinquent in filing the form, file a Form LM–3 that is materially deficient, or for other appropriate cause. The instructions to the Form LM–3 already inform labor organization officers of their statutory obligation to file the completed forms with OLMS within 90 days after the end of their labor organization's fiscal year.

way such organizations maintain their financial records, and may be an indicator of more serious financial mismanagement. For example, the labor organization may delay filing a Form LM–3 to avoid making timely public disclosures about financial improprieties of officers, such as the diversion of funds for personal use. Even if the Department eventually succeeds in encouraging a delinquent labor organization to file the required form, the lack of specificity in Form LM–3 may permit significant management problems to remain undetected. The greater detail required by the Form LM–2 makes it more difficult to hide such problems.

The Department's enforcement experience reveals various reasons for delinquent filings, such as a labor organization's failure to maintain the records required by the LMRDA; inadequate office procedures; frequent turnover of labor organization officials and their often part-time status; uncertainty of first-time officers about their reporting responsibilities under the LMRDA and their inexperience with bookkeeping, recordkeeping, or both; an ''inherited bookkeeping mess;'' an inattention generally to ''paperwork;'' overworked or under-trained officers; an officer's unwillingness to question or report apparent irregularities due to the officer's own inexperience or concern about the repercussions of reporting such matters; or a conscious effort to hide embezzlement or the misappropriation of funds by the officers, other members of the organization, or third parties associated with the labor organization. Many of these causes of delinquency, including pre-existing bookkeeping problems, inattention, overwork, insufficient training, and an unwillingness to confront or report financial irregularities, demonstrate that the labor organization members, the public, and the Department would benefit from a more detailed accounting of the organization's financial conditions and operations. Moreover, OLMS review of data indicates that labor organizations that are repeatedly delinquent are more likely than other labor organizations to suffer embezzlement, or related crime. For instance, in one recent case an investigation of a labor organization that was delinquent in its reports for two years showed that the labor organization had been the victim of a serious embezzlement. Its former president plead guilty to embezzling $112,525 and received a prison sentence of 33 months, and was ordered to pay back the $112,525 he had stolen. In another case a former financial secretary of a labor organization that had been delinquent in filing its reports for several years plead guilty to embezzlement and was ordered to pay restitution of $103,248 and also received a sentence including confinement for eight months, home detention for four months, and probation for three years. Many of the reasons that contribute to delinquent filings also result in the filing of reports that omit or misstate material information about the labor organization's finances. The members of a labor organization that fails to correct a material reporting deficiency after being notified by the Department and being given an opportunity to address the error would also benefit from the increased transparency.

3. Form LM–2 and Form LM–3 Compared

As discussed above, the reporting requirements apply to all labor organizations covered by the LMRDA. The Form LM–2 is the standard form for such purposes. It requires more detail than Forms LM–3 and LM–4, the simplified forms developed by the Secretary. The difference between the forms has been accentuated by the substantial revisions to the Form LM–2 implemented by the Department in 2003. As the Department explained in the preamble to the 2003 Form LM–2 rule, the broad aggregated categories on the old Form LM–2 enabled officials of labor organizations to potentially hide embezzlements and financial mismanagement. 68 FR 58420. The more detailed reporting required of all financial transactions covered by Form LM–2 was designed, in part, to discourage and reduce corruption by making it more difficult to hide financial irregularities from members and the Department's investigators and thereby strengthen the effective and efficient enforcement of the LMRDA. 68 FR 58402. Requiring labor organizations to file a Form LM–2, after a determination that revocation of the privilege of filing a Form LM–3 is warranted, will make it more difficult to hide fraud.

The Form LM–2 requires labor organizations to provide more specific information than the Form LM–3 in several areas relating to labor organization finances including, in part, the following: Investments, fixed assets, loans payable and owed, contributions, grants and gifts, overhead expenses, union administration, and receipts. With regard to labor organization receipts, Form LM–2 filers are explicitly required to report all receipts including: ''receipts from fundraising activities, such as raffles, bingo games, and dances; funds received from a parent body, other labor organizations, or the public for strike assistance; and receipts from another labor organization which merged into the labor organization.'' *See* p. 29 of Instructions to Form LM–2, as reproduced at 68 FR 58501

Form LM–2 requires filers to itemize receipts from and disbursements to any individual or business or other entity that exceed $5,000 in a fiscal year either in a single transaction or aggregated over the year. Aggregation prevents a labor organization from ''hiding'' significant receipts from or disbursements to the same individual or entity, a possibility that exists under the Form LM–3. The name, address, and other information must be provided for any such entity or individual. This information, which is not required by the Form LM–3, enables members of a labor organization to detect payments to individuals or entities that are out of the ordinary (given information that is known to the member but would not appear irregular to someone without such information). Thus, this information enables members to identify situations which may reflect a breach of the labor organization's duties to its members or provide a reasonable basis for inquiry to determine whether officials of the labor organization are improperly diverting funds for their own benefit or the shared benefit of others. Additionally, a member who is aware that the labor organization has a financial relationship with one or more of these businesses will be in a better position to determine whether the business has made any required reports (Form LM–10). The itemization of payments at or above $5,000 also puts members in a better position to determine whether any of the recipients of the payments are businesses in which a labor organization official (or the official's spouse or minor child) holds an interest, a circumstance that will require a report to be filed by the official (Form LM–30).

The Form LM–2, unlike the Form LM–3, requires filers to provide a list of accounts receivable and payable (involving a particular individual or entity in an amount of $5,000 or greater, singly or aggregated) that are past due by more than 90 days. As explained in the 2003 Form LM–2 rulemaking, such itemized disclosure can provide a vital early warning signal of financial improprieties. In the case of an already overdue report, the delinquency demonstrates that such improprieties already may exist.

4. The Proposed Standards and Procedures for Revocation

Section 208 authorizes the Secretary to revoke a labor organization's privilege to file simplified reports when the Secretary determines after investigation, due notice, and an opportunity for a hearing, ''that the purposes of this section would be served [by revocation].'' The Department's proposal effectuates this provision in a manner that safeguards the interests of labor organizations, which, by virtue of their size, ordinarily would be able to satisfy their annual reporting obligation by filing the Form LM–3. The procedure will ensure that revocation determinations are not made for arbitrary reasons. To implement this procedure and standards for revocation, the Department proposes to modify section 403.4 of its regulations, 29 CFR 403.4, and to amend the instructions to the Form LM–3 in order to fully apprise filers of the procedure and standards. The Form LM–3 instructions will remain unchanged except for a new paragraph that discusses the revocation standards and procedures and quotes from the language proposed for section 403.4. The Department proposes to add the following as a new paragraph at the end of section II of the Form LM–3 instructions:

Filers are advised that the privilege to file the Form LM–3 instead of the Form LM–2 may be revoked if a labor organization fails to file the Form LM–3 on or before the date it is due; a labor organization files a Form LM–3 with a material deficiency and fails to timely remedy this deficiency after notification by the Department of Labor; or other circumstances exist that warrant revocation of the labor organization's privilege to file the Form LM–3. Section 208 of the LMRDA authorizes the Secretary to revoke this privilege if the Secretary determines, after such investigation as she deems proper and due notice and opportunity for a hearing, that the purposes of section 208 would be served by revocation. 29 U.S.C. 438. Such revocation is governed by the standards just mentioned, which are set forth in section 403.4 of the Department's regulations (29 CFR 403.4), and the procedure also set forth in that section. Where the privilege to file the Form LM–3 is revoked, a labor organization will be required to file the Form LM–2. Section 403.4 provides in relevant part:

(b) The Secretary may revoke a labor organization's privilege to file the Form LM–3 simplified annual report . . . and require the labor organization to file the Form LM–2 as provided in § 403.3, if the following conditions are met:

(1) The Secretary has undertaken an investigation revealing:

(i) The labor organization failed to file the Form LM–3 on or before the date it was due; or

(ii) The labor organization filed the Form LM–3 with a material deficiency; and failed to timely remedy this deficiency after notification by the Secretary that the report was deficient; or

(iii) Other circumstances exist that warrant revocation of the labor organization's privilege to file the Form LM–3.

(2) The Secretary has provided notice to the labor organization of the proposed decision to revoke the filing privilege, the reason for such revocation, and an opportunity for the labor organization to submit in writing a position statement with relevant factual information and argument regarding:

(i) The existence of the delinquency or the deficiency (including whether it is material) or other circumstances alleged in the notice;

(ii) The reason for the delinquency or deficiency and whether it was caused by factors reasonably outside the control of the labor organization; and

(iii) Any other factors that should be considered in mitigation of revoking the labor organization's privilege to file the Form LM–3.

(3) The Secretary, after review of all the information provided, shall issue a determination in writing to the labor organization, stating the reasons for the determination, and, as appropriate, informing the labor organization that it must file the Form LM–2 for such reporting periods as the Secretary finds appropriate.

(c) A labor organization that receives a notice as set forth in 403.4(c)(2) must submit its written statement of position and any supporting facts and argument by mail, hand delivery or by alternative means specified in the notice to the Office of Labor-Management Standards at the address provided in the notice within 30 days after the date of the letter proposing revocation. If the 30th day falls on a Saturday, Sunday, or Federal holiday, the submission will be timely if received by OLMS on the first business day after the 30th day. Absent a timely submission to OLMS, the proposed revocation shall take effect automatically unless the Secretary in his or her discretion determines otherwise.

(d) The Secretary shall make the determinations provided for in the foregoing paragraphs of this section. The determination shall be the Department's final agency action on the revocation.

(e) For purposes of this section, a deficiency is ''material'' if in the light of surrounding circumstances, the inclusion or correction of the item in the report is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced.

Where there appear to be grounds for revoking a labor organization's privilege to file the Form LM–3, such as where the labor organization has failed to timely file the Form LM–3, files a Form LM–3 that lacks material information,[11] or OLMS has received information that provides a reasonable basis to suspect financial irregularities, the Department will conduct an investigation to confirm the facts relating to the delinquency or other possible ground for revocation. The depth of the investigation will depend upon the particular circumstances. For example, where OLMS has no record of receiving a timely Form LM–3, the investigation may be limited to confirming that the labor organization did not timely submit the report. In other circumstances, an investigation may be needed to review the labor organization's books, to review documents, and to interview subjects and obtain statements from individuals with knowledge about a labor organization's finances and their reporting to determine whether or not the deficiencies on the Form LM–3 are material.

If the Department finds grounds for revocation after the investigation, the Department will send the labor organization a notice of the proposed Form LM–3 revocation stating the reason for the proposed revocation and explaining that revocation, if ordered, will require the labor organization to file the more detailed annual financial report, Form LM–2. The letter will also provide notice that the labor organization has the right to a hearing if it chooses to challenge the proposed revocation; and that the hearing will be limited to written submissions due within 30 days of the date of the notice. The submissions and any supporting facts and argument must be received by the Office of Labor-Management Standards at the address provided in the notice within 30 days after the date of the letter proposing revocation. The letter will also advise that the labor organization's failure to timely respond within 30 days will waive such labor organization's opportunity to request a hearing and the proposed revocation shall take effect automatically unless the Secretary in his or her discretion determines otherwise.

In its written submission, the labor organization must present relevant facts and arguments that address whether: (1) The report was delinquent or deficient or other grounds for the proposed revocation exist; (2) whether the deficiency, if any, was material; (3) whether the circumstances concerning the delinquency or other grounds for the proposed revocation were caused by factors reasonably outside the control of the labor organization; and (4) any

[11] OLMS will notify a filer whose Form LM–3 is materially deficient by letter, advising in what respects the filing is deficient and providing a date by which the filer must submit a corrected Form LM–3. Ordinarily, the filer will be allowed not less than 30 days from the date of the letter to submit a corrected Form LM–3.

factors exist that mitigate against revocation. The proposed definition for ''material'' is derived from Financial Accounting Standards Board, Statement of Financial Accounting Concepts No. 2 (SFAC No. 2), at 132 (''The omission or misstatement of an item in a financial report is material if, in light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item.'') and TSC Industries Inc. v. Northway Inc., 426 U.S. 438, 449 (1976) (''A substantial likelihood that, under all the circumstances, the omitted fact would have assumed actual significance in the deliberations of the reasonable [person]. Put another way, there must be a substantial likelihood that the disclosure of the omitted fact would have been viewed by [a] reasonable [person] as having significantly altered the 'total mix' of information made available.''). Factors reasonably outside the control of a labor organization could include, for example, natural disasters that destroyed the records necessary to complete a Form LM–3, or the death or serious illness of the labor organization's president or treasurer while the form was being prepared for filing. Mitigating factors could also include, for example, that the form was timely completed but was mailed to an incorrect address or an attachment was inadvertently omitted from the filing.

After review of the labor organization's submission, the Secretary (or her designee who will not have participated in the investigation) will issue a written determination stating the reasons for the determination, and, as appropriate, informing the labor organization that it must file the Form LM–2 for such reporting periods as he or she finds appropriate. Where a labor organization has failed to timely respond to the notice of proposed revocation, the Secretary will notify the labor organization in writing that its privilege has been revoked (or in an exercise of his or her discretion that revocation is unnecessary). The determination by the Secretary shall be the Department's final agency action on the revocation.

The revocation of the Form LM–3 filing privilege will ordinarily only apply to the fiscal year for which the labor organization was delinquent or failed to file a properly completed amended report after notification of a material deficiency and the fiscal year during which the revocation determination is issued. In other cases, the revocation will apply to the fiscal years that the Department finds appropriate, but no labor organization will be required to submit a Form LM–2 for any past fiscal year for which the labor organization already has properly and timely filed a Form LM–3. If the revocation is for a longer period of time, the Department's reasons will be included in its written determination. As discussed below in the PRA analysis, the Department believes that current LM–3 filers who have had their privilege revoked under the current proposed rule will incur an additional 95.45 hour burden for each year in which they must file a Form LM–2. *See* Table 1. Labor organizations that are required to file a Form LM–2 because their Form LM–3 filing privilege has been revoked will not be required to submit the Form LM–2 electronically.

The Department proposes that its rule take effect 30 days after publication and apply prospectively to labor organization's fiscal years beginning on or after the effective date of a final rule promulgated after this notice of proposed rulemaking.

IV. Regulatory Procedures

Executive Order 12866

This proposed rule has been drafted and reviewed in accordance with Executive Order 12866, section 1(b), Principles of Regulation. The Department has determined that this proposed rule is not an ''economically significant'' regulatory action under section 3(f)(1) of Executive Order 12866. Based on a preliminary analysis of the data the rule is not likely to: (1) Have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or state, local, or tribal governments or communities; (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raise novel legal or policy issues. As a result, the Department has concluded that a full economic impact and cost/benefit analysis is not required for the rule under Section 6(a)(3) of the Order. However, because of its importance to the public the rule was treated as a significant regulatory action and was reviewed by the Office of Management and Budget.

Unfunded Mandates Reform

For purposes of the Unfunded Mandates Reform Act of 1995, this proposed rule does not include a federal mandate that might result in increased expenditures by state, local, and tribal governments, or increased expenditures by the private sector of more than $100 million in any one year.

Executive Order 13132 (Federalism)

The Department has reviewed this proposed rule in accordance with Executive Order 13132 regarding federalism and has determined that the proposed rule does not have federalism implications. Because the economic effects under the rule will not be substantial for the reasons noted above and because the rule has no direct effect on states or their relationship to the federal government, the rule does not have ''substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.''

Initial Regulatory Flexibility Analysis

The Regulatory Flexibility Act of 1980, 5 U.S.C. 601 *et seq.*, requires agencies to prepare regulatory flexibility analyses, and to develop alternatives wherever possible, in drafting regulations that will have a significant impact on a substantial number of small entities. To evaluate whether this proposed rule will have a significant economic impact on a substantial number of small entities, the Department has conducted an Initial Regulatory Flexibility Analysis (''IRFA'') as a component of this rulemaking.

In the 2003 Form LM–2 rule, the Department's regulatory flexibility analysis utilized the Small Business Administration's (''SBA'') ''small business'' standard for ''Labor Unions and Similar Labor Organizations.'' Specifically, the Department used the $5 million standard established in 2000 (as updated in 2005 to $6.5 million) for purposes of its regulatory flexibility analyses. *See* 65 FR 30836 (May 15, 2000); 70 FR 72577 (Dec. 6, 2005). This same standard, which has also been used in rulemakings involving the Form T–1, has been used in developing the initial regulatory flexibility analysis for this proposed rule.

The Department recognizes that the SBA has not established fixed, financial thresholds for ''organizations,'' as distinct from other entities. *See A Guide for Federal Agencies: How to Comply with the Regulatory Flexibility Act,*

Office of Advocacy, U.S. Small Business Administration at 12–13, available at *www.sba.gov.* The Department further recognizes that under SBA guidelines, the relationship of an entity to a larger entity with greater receipts is a factor to be considered in determining the necessity of conducting a regulatory flexibility analysis. Thus, the affiliation between a local labor organization and a national or international labor organization, a widespread practice among labor organizations subject to the LMRDA, may have an impact on the number of organizations that should be counted as ''small organizations'' under section 601(4) of the RFA, 5 U.S.C. 601(4). Section 601(4) provides in part: ''the term 'small organization' means any not-for-profit enterprise which is independently owned and operated and is not dominant in its field.'' Affiliation of labor organizations presents a unique circumstance in determining whether and, if so, how, receipts of particular labor organizations should be aggregated, if at all, in assessing whether a regulatory flexibility analysis is required and how it should be conducted. However, for purposes of analysis here and for ready comparison with the RFA analysis in its earlier Form LM–2 rulemaking, the Department has used the $6.5 million receipts test for ''small businesses,'' rather than the ''independently owned and operated and not dominant'' test for ''small organizations.'' Application of the latter test likely would reduce the number of labor organizations that would be counted as small entities under the RFA. It is the Department's view, however, that it would be inappropriate, given the past rulemaking concerning the Form T–1 and the Form LM–2, to depart from the $6.5 million receipts standard in preparing this initial regulatory flexibility analysis. Comments are invited to address this question of whether the use of the $6.5 million figure, without aggregation among affiliated labor organizations, is appropriate and if not, to suggest alternative approaches for this purpose. Accordingly, the following analysis assesses the impact of these regulations on small entities as defined by the applicable SBA size standards.

All numbers used in this analysis are based on 2005 data taken from the OLMS electronic labor organization reporting (''e.LORS'') database, which includes all records of labor organizations that have filed LMRDA reports with the Department.

A. Statement of the Need for, and Objectives of, the Proposed Rule

The following is a summary of the need for and objectives of the proposed rule. A more complete discussion is found in the preamble.

The objective of this proposed rule is to increase the transparency of financial reporting by revising the current LMRDA disclosure Form LM–2 to enable workers to be responsible, informed, and effective participants in the governance of their labor organizations; discourage embezzlement and financial mismanagement; prevent the circumvention or evasion of the statutory reporting requirements; and strengthen the effective and efficient enforcement of the Act by the Department. Form LM–2 is filed by the largest reporting labor organizations, *i.e.*, those with $250,000 or more in total annual receipts.

The revisions to the Form LM–2 made by the Department in 2003 have helped to fulfill the mandate of full reporting set forth in the LMRDA. However, based upon the Department's experience since 2003 and after reviewing data from reports filed on the revised form, the Department believes that further enhancements to the Form LM–2 are necessary. The proposed enhancements will ensure that information is reported in such a way as to meet the objectives of the LMRDA by providing labor organization members with useful data that will enable them to be responsible and effective participants in the democratic governance of their labor organizations. The proposed changes are designed to provide members of labor organizations with additional and more detailed information about the financial activities of their labor organization that is not currently available through the Form LM–2 reporting.

The proposed enhancements provide additional information in Schedule 3 (Sale of Investments and Fixed Assets) and Schedule 4 (Purchase of Investments and Fixed Assets) that will allow verification that these transactions are performed at arm's length and without conflicts of interest. Schedules 11 and 12 will be revised to include the value of benefits paid to and on behalf of officers and employees. This will provide a more accurate picture of total compensation received by these labor organization officials. In addition, the proposed changes will require the reporting in Schedules 11 and 12 of travel reimbursements indirectly paid these officials. This proposed change will provide more accurate information on travel disbursements made to them by their labor organizations. The proposed enhancements also include additional schedules corresponding to categories of receipts, which will provide additional information, by receipt category, of aggregated receipts of $5,000 or more. This proposed change is consistent with the information currently provided on disbursements.

The Department's enforcement experience has shown that the failure of small labor organizations to file the annual Form LM–3 on time and the filing of reports with material deficiencies is often an indicator of larger problems about the way such organizations maintain their financial records, and may be an indicator of more serious financial mismanagement. The Department's enforcement experience reveals various reasons for delinquent filings, such as a labor organization's failure to maintain the records required by the LMRDA; inadequate office procedures; frequent turnover of labor organization officials and their often part-time status; uncertainty of first-time officers about their reporting responsibilities under the LMRDA and their inexperience with bookkeeping, recordkeeping, or both; an ''inherited bookkeeping mess;'' an inattention generally to ''paperwork;'' overworked or under-trained officers; an officer's unwillingness to question or report apparent irregularities due to the officer's own inexperience or concern about the repercussions of reporting such matters; or a conscious effort to hide embezzlement or the misappropriation of funds by the officers, other members of the organization, or third parties associated with the labor organization. Many of these causes of delinquency, including pre-existing bookkeeping problems, inattention, overwork, insufficient training, and an unwillingness to confront or report financial irregularities, demonstrate that the labor organization members, the public, and the Department would benefit from a more detailed accounting of the organization's financial conditions and operations. Moreover, OLMS experience indicates that labor organizations that are repeatedly delinquent are more likely than other labor organizations to suffer embezzlement, or related crime. Many of the reasons that contribute to delinquent filings also result in the filing of reports that omit or misstate material information about the labor organization's finances. The members of a labor organization that fails to correct a material reporting deficiency after being notified by the Department and being given an opportunity to address

the error would benefit from the increased transparency of the Form LM–2.

As explained in the preamble, additional reporting by labor organizations is necessary to ensure, as intended by Congress, the full and comprehensive reporting of a labor organization's financial condition and operations, including a full accounting to members from whose work the payments were earned. 67 FR 79282–83. The proposed rule will prevent circumvention and evasion of these reporting requirements by providing members of labor organizations with financial information concerning their labor organization.

B. Legal Basis for Rule

The legal authority for the notice of proposed rulemaking is provided by sections 201 and 208 of the LMRDA, 29 U.S.C. 431, 438. Section 201 requires labor organizations to file annual financial reports and to disclose certain financial information, including all assets, receipts, liabilities, and disbursements of the labor organization. Section 208 provides that the Secretary of Labor shall have authority to issue, amend, and rescind rules and regulations prescribing the form and publication of reports required to be filed under title II of the Act, including rules prescribing reports concerning trusts in which a labor organization is interested, and such other reasonable rules and regulations as she may find necessary to prevent the circumvention or evasion of the reporting requirements. Section 208 also authorizes the Secretary to establish ''simplified reports for labor organizations and employers for whom [s]he finds by virtue of their size a detailed report would be unduly burdensome.'' Section 208 authorizes the Secretary to revoke this privilege for any labor organization or employer if the Secretary determines, after such investigation as she deems proper and due notice and opportunity for a hearing, that the purposes of section 208 would be served by revocation.

C. Number of Small Entities Covered Under the Rule

The primary impact of this proposed rule will be on those labor organizations that have $250,000 or more in annual receipts. There are approximately 4,452 labor organizations of this size that are required to file Form LM–2 reports under the LMRDA. See n. 1 above and Table 1 below. The Department estimates that 4,228 of these labor organizations, or 94.97%, are considered small under the current SBA standard (annual receipts less than $6.5 million). These labor organizations have annual average receipts of $1.26 million.[12] *See* Table 1. The Department estimates that about 96 labor organizations with annual receipts of less than $250,000 will be affected by the proposed rule. These 96 labor organizations have annual average receipts of $68,939. *See Table 1.* Although these estimates may not be predictive of the exact number of small labor organizations that will be impacted by this proposed rule in the future, the Department believes these estimates to be sound and they are derived from the best available information.

D. Relevant Federal Requirements Duplicating, Overlapping or Conflicting With the Rule

There are no federal rules that duplicate or conflict with this proposed rule. There is some overlap, however, between the proposed rule and documents required by the Internal Revenue Service (''IRS''). Labor organizations are currently required to report some similar information to the IRS on Form 990 or Form 990–EZ if they are exempt from taxation under 26 U.S.C. 501 (c)(5). A copy of the labor organization's filed Form LM–2 may currently be submitted to the IRS in lieu of answering certain questions on Form 990. However, under longstanding practice under the Form LM–2 and Form LM–3 rules, a Form 990 may not be submitted to OLMS for the Form LM–2.

E. Differing Compliance or Reporting Requirements for Small Entities

Under the proposal, the reporting, recordkeeping, and other compliance requirements apply equally to all labor organizations that are required to file a Form LM–2 under the LMRDA, including labor organizations which have had their Form LM–3 filing privilege revoked. The Department expects that only the largest labor organizations will have to make significant changes in the level of detail with which financial activity is reported in order to comply with the requirements of the proposed rule. Differences between the smaller labor organizations that are large enough to be required to file Form LM–2 and the largest labor organizations are more likely to result from differences in the financial practices of the labor organizations themselves. Only the largest filers, those that have annual receipts in the millions, are likely to have extensive financial transactions that will require substantial changes in their accounting practices in order to report these transactions on the revised Form LM–2. Labor organizations with receipts of between $250,000 and $2 million, which account for over 3,441 of the estimated 4,452 Form LM–2 filers, are likely to have less difficulty using the revised Form LM–2 than the organizations with greater annual receipts.

F. Clarification, Consolidation and Simplification of Compliance and Reporting Requirements for Small Entities

OLMS will update the e.LORS system to coincide with any changes embodied in a final rule promulgated after this notice of proposed rulemaking.

OLMS will provide compliance assistance for any questions or difficulties that may arise from using the reporting software. A help desk is staffed during normal business hours and can be reached by telephone toll free at 1–866–401–1109.

The use of electronic forms makes it possible to download information from previously filed reports directly into the form; enables officer and employee information to be imported onto the form; makes it easier to enter information; and automatically performs calculations and checks for typographical and mathematical errors and other discrepancies, which reduces the likelihood of having to file an amended report. The error summaries provided by the software, combined with the speed and ease of electronic filing, will also make it easier for both the reporting labor organization and OLMS to identify errors in both current and previously filed reports and to file amended reports to correct them.

As discussed in the preamble, labor organizations that are required to file a Form LM–2 because their Form LM–3 filing privilege has been revoked are not required to comply with the electronic submission requirement.

G. The Use of Performance Rather Than Design Standards

The Department considered a number of alternatives to the proposed rule that could minimize the impact on small entities. One alternative would be not to change the existing Form LM–2. This alternative was rejected because OLMS experience demonstrates that the goals of the Act are not being met. As explained further in the preamble,

[12] In the 2003 Form LM–2 rule, the Department estimated the burden for each of three categories of reporting labor organizations as measured by their range of annual receipts: Tier I ($250,000 to less than $500,000); Tier II ($500,000 to less than $50,000,000) and Tier III ($50,000,000 or more).

members of labor organizations cannot accurately determine from the current Form LM–2 what benefits officials of labor organizations are receiving. Members need this information to make informed decisions on the governance of their labor organizations.

Another alternative would be to limit the new reporting requirements to national and international parent labor organizations. However, the Department has concluded that such a limitation would eliminate the availability of meaningful information from local and intermediate labor organizations, which may have far greater impact on and relevance to members of labor organizations, particularly since such lower levels of labor organizations generally set and collect dues and provide representational and other services for their members. Such a limitation would reduce the utility of the information to a significant number of members. Of the 4,452 labor organizations that are required to file Form LM–2, just 101 are national or international labor organizations. Requiring only national and international organizations to file more detailed reports would not provide any deterrent to fraud and embezzlement by local and intermediate body officials nor would it increase transparency in local and intermediate bodies.

Another alternative would be to phase in the effective date for the Form LM–2 changes and provide smaller Form LM–2 filers with additional lead time to modify their recordkeeping systems to comply with the new reporting requirements. The Department has concluded that a three-month period for all Form LM–2 filers to adapt to the new reporting requirements should provide sufficient time to make the necessary adjustments. OLMS also plans to provide compliance assistance to any labor organization that requests it.

A review of the proposed revisions was undertaken to reduce paperwork burden for all Form LM–2 filers and an effort was made during the review to identify ways to reduce the impact on small entities. The Department believes it has minimized the economic impact of the form revision on small labor organizations to the extent possible while recognizing workers' and the Department's need for information to protect the rights of members of labor organizations under the LMRDA.

H. Reporting, Recording and Other Compliance Requirements of the Rule [13]

This proposed rule is not expected to have a significant economic impact on a substantial number of small entities. The LMRDA is primarily a reporting and disclosure statute. Accordingly, the primary economic impact will be the cost of obtaining and reporting required information.

For the estimated 4,228 Form LM–2 filers with between $250,000 and $6,500,000 in annual receipts, the estimated average annual reporting and recordkeeping burden for the current Form LM–2 is $14,811.32 or 1.17% of their average annual receipts. See Table 1, which provides a more complete list of the burden estimates.[14] The average additional first year cost (including first year non-recurring implementation costs) to these organizations is estimated at less than $4,164.44, or 0.33% of average annual receipts. *Id.* The average total first year cost of the revised Form LM–2 on these labor organizations is estimated at $18,975.77, or 1.50% of total annual receipts. *Id.* The Department believes that it is unlikely that the smallest subset of these labor organizations (those with between $250,000 and $499,999 in annual receipts) would incur many of the costs incurred by the typical Form LM–2 filer (those with receipts between $500,000 and $6.5 million). The labor organizations with the least annual receipts are likely to have less complicated accounts covering fewer transactions than the typical, larger Form LM–2 filer. However, to assess the ''maximum'' or ''worst-case'' impact on this subset of labor organizations, the Department considered the unlikely event that the labor organizations in this subset could incur the same compliance burden as the average for labor organizations with annual receipts of $500,000 to $49.9 million. Under this unlikely scenario, the total additional cost of the proposed rule on such labor organizations is estimated at $4,274.60 in the first year, or 0.34% of the annual receipts of all organizations with receipts of $250,000 to $6.5 million, and $260.27 in the second year, or .02% of annual receipts. *Id.* For a small labor organization with $250,000 to $499,999 in annual receipts, the estimated maximum additional cost of the proposed rule would be 2.82% of receipts in the first year and 2.23% in the second year.[15] *Id.*

The average annual reporting and recordkeeping burden for the current Form LM–3 is estimated at $1,404.00 or 2.04% of average annual receipts for Form LM–3 filers. See Table 1. The Department assumes that Form LM–3 filers will spend the same amount on labor as Tier 1 Form LM–2 filers or approximately $15.89 per hour. See Table 4. The additional cost of filing a Form LM–2 rather than a Form LM–3 is $1,955.92 or 2.84% of average annual receipts for Form LM–3 filers. The Department estimates that on average 96 Form LM–3 filers annually will have their Form LM–3 filing privilege revoked and thus incur this additional burden. The Department arrived at this figure by examining the number of deficiency and delinquency cases processed by the Department. In the latest fiscal year, the Department processed 684 deficiency cases for Form LM–3 filers and 1,187 cases for delinquent Form LM–3 filers. The Department assumes that it will examine one half of the deficiency and delinquency cases for possible revocation (935.5 per year) and that 10% of the cases examined will ultimately lead to revocation of the Form LM–3 filing privilege (93.55). Further the Department assumes that in another 2 cases per year it will find ''other circumstances exist that warrant revocation'' for a total of 96 revocations per year (rounded up).

[13] The estimated burden on labor organizations is discussed in detail in the section concerning the Paperwork Reduction Act. The figures discussed above are derived from the figures explained in that section.

[14] The estimates reported in this paragraph do not include labor organizations that voluntarily filed the Form LM–2 nor an estimate of the number of labor organizations (with annual receipts less than $250,000) that would have to file the Form LM–2 under the proposed Form LM–3 revocation procedures. The number of such labor organizations (158) represents only a small fraction of the total number of reporting labor organizations and thus their inclusion would not have a material effect on the burden estimates.

[15] The several magnitude difference in percentages is accountable to the much smaller number of labor organizations with $250,000 to $499,999 in annual receipts (1,317) compared to the number of labor organizations with $500,000 to $6.5 million in annual receipts (2,881) and the three and one half-fold difference in average receipts between labor organizations with $250,000 to $499,999 in annual receipts ($360,387.94) and labor organizations with $500,000 to $6.5 million in annual receipts ($1,262,627.09).

TABLE 1.—SUMMARY OF REGULATORY FLEXIBILITY ANALYSIS [16]

For unions that meet the SBA small entities standard	Total burden hours per respondent	Total cost per respondent
Weighted Average Cost of Current Form LM–2	507.62	$14,811.32
Percentage of Average Annual Receipts	n.a.	1.17%
Average Cost of Current Form LM–3	116.00	$ 1,404.00
Percentage of Average Annual Receipts	n.a.	2.04%
Weighted Average First Year Cost of Revised Form LM–2	650.34	$18,975.77
Percent of Average Annual Receipts	n.a.	1.50%
Weighted Average Second Year Cost	516.81	$15,079.59
Percent of Average Annual Receipts	n.a.	1.19%
Weighted Average Increase in Cost of Proposed Rule, First Year	142.72	$4,146.44
Percent of Average Annual Receipts	n.a.	0.33%
Weighted Average Increase in Cost of Proposed Rule, Second Year	9.19	$268.27
Percent of Average Annual Receipts	n.a.	0.02%
Maximum First Year Cost of Revised Form LM–2 for Unions with $250,000 to $499,999 in Annual Receipts	654.12	$10,393.92
Percentage of Average Annual Receipts	n.a.	2.82%
Maximum Second Year Cost	516.54	$8,207.77
Percentage of Average Annual Receipts	n.a.	2.23%
Maximum Increase in Cost of Proposed Rule, First Year	146.50	$4,274.60
Percent of Annual Receipts for $250,000 to $499,999 Union	n.a.	0.36%
Percent of Annual Receipts for $500,000 to $6,500,000 Union	n.a.	0.18%
Percent of Annual Receipts for $250K to $6.5M Union	n.a.	0.34%
Maximum Increase in Cost of Proposed Rule, Second Year	8.92	$260.27
Percent of Annual Receipts for $250,000 to $499,999 Union	n.a.	0.02%
Percent of Annual Receipts for $500,000 to $6,500,000 Union	n.a.	0.01%
Percent of Annual Receipts for $250K to $6.5M Union	n.a.	0.02%
Average Cost of Revised Form LM–2	211.45	$ 3,359.92
Union with between $10K and $249,999 in Annual Receipts	n.a.	4.87%
Average Increase in Cost of Form LM–2	95.45	$ 1,955.92
Unions with between $10K and $249,999 in Annual Receipts	n.a.	2.84%
Total 2005 Filers between $250K & $6.5M		4228
Total 2005 Filers between $250K & $499,999		1317
Total 2005 Filers between $500K & $6.5		2911
Total 2005 Filers between $500K & $49.9M		3083
Number of Form LM–2 Filers with Annual Receipts between $250K & $2M		3441
Total 2005 Form LM–3 Filers		9658
Total 2005 Form LM–2 Filers		4452
Total 2005 Union Filers		24065
Percentage of All Union Filers that File Form LM–2		18.50%
Percentage of all Union Filers with Annual Receipts between $250K & $6.5M		18.0%
Percentage of Union Filers with Annual Receipts between $250K & $499,999		5.5%
Percentage of Form LM–2 Filers with Annual Receipts between $250K & $6.5M		94.97%
Percentage between $250K & $499,999		31.15%
Percentage between $500K & $6.5M		68.85%
Percentage of Form LM–3 Filers that will File Form LM–2		.99%
2005 Average Annual Receipts for Unions between $250K & $6.5M		$1,262,627.09
2005 Average Annual Receipts for Unions between $250K & $499,999		$368,597.23
2005 Average Annual Receipts for Unions between $500K & $6.5M		$1,667,105.73
2005 Average Annual Receipts for Unions between $10K and $249,999		$68,939.34
2005 Average Number of Employees Employed by Unions with Annual Receipts between $250K & $6.5M		4
2005 Average Number of Officers Employed by Unions with Annual Receipts between $250K & $6.5M		12

[16] **Note:** some of the figures used in this table and other figures mentioned in this document may not add due to rounding.

I. Conclusion

As noted above, the proposed rule will apply to 4,228 Form LM–2 filers and approximately 96 Form LM–3 filers that meet the SBA standard for small entities, about 18% of all labor organizations that must file an annual financial report under the LMRDA. Further, the Department estimates that just 1,317 labor organizations with annual receipts from $250,000 to $499,999, or 5.5% of all labor organizations covered by the LMRDA, would be affected by this rule. Even less (5.5% of the total) would incur the maximum additional costs of the proposed rule described above. Finally, the Department estimates that approximately 96 Form LM–3 filers, or 1% of all Form LM–3 labor organizations covered by the LMRDA, would be affected by this rule.

For the estimated 4,228 Form LM–2 filers with between $250,000 and $6,500,000 in annual receipts, the estimated average annual reporting and recordkeeping burden for the current Form LM–2 is $14,811.32 or 1.17% of their average annual receipts. The average additional first year cost (including first year non-recurring implementation costs) to these organizations is estimated at less than $4,164.44, or 0.33% of average annual receipts. The average total first year cost of the revised Form LM–2 on these labor organizations is estimated at $18,975.77, or 1.50% of total annual receipts. The Department believes that it is unlikely

that the smallest subset of these labor organizations (those with between $250,000 and $499,999 in annual receipts) would incur many of the costs incurred by the typical Form LM–2 filer (those with receipts between $500,000 and $6.5 million). Under this ''worst case'' scenario for these organizations, the total additional cost of the final rule on such labor organizations is estimated at $4,274.60 in the first year, or 0.34% of the annual receipts of all organizations with receipts of $250,000 to $6.5 million, and $260.27 in the second year, or .02% of annual receipts.

The average annual reporting and recordkeeping burden for the current Form LM–3 is estimated at $1,404.00 or 2.04% of average annual receipts for Form LM–3 filers. For the estimated 96 Form LM–3 filers that would have their privilege to file Form LM–3 revoked (all of which meet the SBA standard for small entities), the additional cost of filing a Form LM–2 rather than a Form LM–3 is $1,955.92 or 2.84% of average annual receipts for Form LM–3 filers.

To evaluate whether this proposed rule will have a significant economic impact on a substantial number of small entities, the Department has conducted this IRFA as a component of this rulemaking. Although the Department acknowledges that there will be a substantial number of small entities impacted by this proposed rule, it does not believe that these entities will incur a significant economic impact. The Department seeks comment on all aspects of this IRFA, particularly on the numbers of small entities that may be impacted by this rulemaking and the potential economic impacts to these small entities.

Paperwork Reduction Act

This statement is prepared in accordance with the Paperwork Reduction Act of 1995, 44 U.S.C. 3501 (''PRA''). *See* 5 CFR 1320.9. As discussed in the preamble to this proposed rule, the analysis under the Regulatory Flexibility Act, and the analysis that follows, the rule implements an information collection that meets the requirements of the PRA in that: (1) The information collection has practical utility to labor organizations, their members, other members of the public, and the Department; (2) the rule does not require the collection of information that is duplicative of other reasonably accessible information; (3) the provisions reduce to the extent practicable and appropriate the burden on unions that must provide the information, including small labor organizations; (4) the form, instructions, and explanatory information in the preamble are written in plain language that will be understandable by reporting labor organizations; (5) the disclosure requirements are implemented in ways consistent and compatible, to the maximum extent practicable, with the existing reporting and recordkeeping practices of labor organizations that must comply with them; (6) this preamble informs labor organizations of the reasons that the information will be collected, the way in which it will be used, the Department's estimate of the average burden of compliance, which is mandatory, the fact that all information collected will be made public, and the fact that they need not respond unless the form displays a currently valid OMB control number; (7) the Department has explained its plans for the efficient and effective management and use of the information to be collected, to enhance its utility to the Department and the public; (8) the Department has explained why the method of collecting information is ''appropriate to the purpose for which the information is to be collected''; and (9) the changes implemented by this rule make extensive, appropriate use of information technology ''to reduce burden and improve data quality, agency efficiency and responsiveness to the public.'' *See* 5 CFR 1320.9; 44 U.S.C. 3506(c).

As part of its continuing effort to reduce paperwork and respondent burden, the Department of Labor conducts a pre-clearance consultation program to provide the general public and Federal agencies with an opportunity to comment on proposed and continuing collections of information in accordance with the PRA. This helps to ensure that the public understands the Department's collection instructions, respondents can provide the requested data in the desired format, the reporting burden (time and financial resources) is minimized, and the Department can properly assess the impact of collection requirements on respondents.

In this proposed rulemaking, the Department has sought to improve the usefulness and accessibility of information to members of labor organizations subject to the LMRDA. The LMRDA reporting provisions were devised to protect the basic rights of labor organization members and to guarantee the democratic procedures and financial integrity of labor organizations. The 1959 Senate report on the version of the bill later enacted as the LMRDA stated clearly that ''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.'' A full accounting was described as ''full reporting and public disclosure of union internal processes and financial operations.''

As labor organizations have become more multifaceted and have created hybrid structures for their various activities, the form used to report financial information with respect to these activities had until recently remained relatively unchanged and had become a barrier to the complete and transparent reporting of labor organizations' financial information intended by the LMRDA. By providing members of labor organizations with more complete, understandable information about their labor organizations' financial transactions, investments, and solvency, this proposal will put them in a much better position than they are today to protect their personal financial interests and to exercise their rights of self-governance. The information collection achieved by this rule is integral to this purpose. The paperwork requirements associated with the proposed rule are necessary to enable workers to be responsible, informed, and effective participants in the governance of their labor organizations; discourage embezzlement and financial mismanagement; prevent the circumvention or evasion of the statutory reporting requirements; and strengthen the effective and efficient enforcement of the LMRDA by the Department.

This PRA analysis is based largely on the PRA analysis prepared by the Department in connection with its 2003 final rule that substantially revised the Form LM–2.[17] The PRA analysis was approved by the Office of Management and Budget. The PRA analysis utilizes the same basic methodology and data (the latter updated with more current information) as used in the 2003 rule.

1. Form LM–2 Proposed Rulemaking

This proposed rule modifies the annual reports required to be filed by the largest labor organizations, as required by section 201 of the LMRDA, 29 U.S.C. 431, and prescribed by the Secretary of Labor. As discussed above and throughout the preamble, the revised paperwork requirements are necessary to effectuate the purposes of the LMRDA by providing members of labor organizations with information about their labor organizations that will enable them to be responsible, informed, and effective participants in

[17] The PRA analysis for the Form LM–2 is set forth at 68 FR 58436–42.

the governance of those organizations; discourage embezzlement and financial mismanagement; prevent the circumvention or evasion of the statutory reporting requirements; and strengthen the effective and efficient enforcement of the LMRDA by the Department. The manner in which the collected information will serve these purposes is discussed throughout the preamble to this proposed rule.

The proposed revisions to Form LM–2 are designed to take advantage of technology that reduces the burden to report information, while at the same time making it easier to file and publish the contents of the reports. Members of labor organizations thus will be able to obtain a more accurate and complete picture of their labor organization's financial condition and operations without imposing an unwarranted burden on reporting labor organizations. In the 2003 rule, the Department estimated the total first year compliance costs associated with the Form LM–2 at $116,000,000. 68 FR 58428.

For the proposed Form LM–2, the total first year compliance costs are estimated to be $89.5 million ($70.4 million (total cost to complete current Form LM–2) + $19.1 million (total cost to complete proposed changes to Form LM–2) = $89.5 million). This reflects an increased burden of $19.1 million ($29.50 (weighted average cost per hour) × 650,407 (total burden hours to complete proposed changes to Form LM–2); this increase is chiefly the result of an adjustment in the number of expected filers, the addition of proposed schedules, and higher contemporary labor costs. Both the estimated burden hours and the compliance costs associated with the revised Form LM–2 will decline in subsequent years. The Department estimates that the total burden averaged over the first three years to comply with the revised Form LM–2 to be 249,868 hours. The total compliance costs associated with the proposed changes to the Form LM–2, averaged over the first three years, are estimated to be $7.4 million per year.

a. Background on Current Form LM–2

Every labor organization whose total annual receipts are $250,000 or more and those organizations that are in trusteeship must currently file an annual financial report using the current Form LM–2, Labor Organization Annual Report, within 90 days after the end of the labor organization's fiscal year, to disclose its financial condition and operations for the preceding fiscal year. The current Form LM–2 is also used by covered labor organizations with total annual receipts of $250,000 or more to file a terminal report upon losing their identity by merger, consolidation, or other reason.

The current Form LM–2 consists of 21 questions that identify the labor organization and provide basic information (in primarily a yes/no format); a statement of 11 financial items on different assets and liabilities; a statement of receipts and disbursements; and 20 supporting schedules. The information that is reported includes: whether the labor organization has any trusts; whether the labor organization has a political action committee; whether the labor organization discovered any loss or shortage of funds; the number of members; rates of dues and fees; the dollar amount for seven asset categories, such as accounts receivable, cash, and investments; the dollar amount for four liability categories, such as accounts payable and mortgages payable; the dollar amount for 13 categories of receipts such as dues and interest; and the dollar amount for 16 categories of disbursements such as payments to officers and repayment of loans obtained. Four of the supporting schedules include a detailed itemization of loans receivable and payable and the sale and purchase of investments and fixed assets. There are also 10 supporting schedules for receipts and disbursements that provide members of labor organizations with more detailed information by general groupings or bookkeeping categories to identify their purpose. Labor organizations are required to track their receipts and disbursements in order to correctly group them into the categories on the current form.

The Department also has developed an electronic reporting system for labor organizations, e.LORS, which uses information technology to perform some of the administrative functions for the current forms. The objectives of the e.LORS system include the electronic filing of current Forms LM–2, LM–3, and LM–4, as well as other LMRDA disclosure documents; disclosure of reports via a searchable Internet database; improving the accuracy, completeness and timeliness of reports; and creating efficiency gains in the reporting system. Effective use of the system reduces the burden on reporting organizations, provides increased information to members of labor organizations, and enhances LMRDA enforcement by OLMS. The OLMS Online Public Disclosure site is available for public use at *http://www.unionreports.gov.* The site contains a copy of each labor organization's annual financial report for reporting year 2000 and thereafter as well as an indexed computer database of the information in each report.

Filing labor organizations have several advantages with the current electronic filing system. With e.LORS, information from previously filed reports and officer or employee information can be directly imported into Form LM–2. Not only is entry of the information eased, the software also makes mathematical calculations and checks for errors or discrepancies.

b. Overview of Changes to Form LM–2

The proposed Form LM–2 includes: the same number of questions (21) as the current form that identify the labor organization and provide basic information (in the same general yes/no format); the same (11) financial items on assets and liabilities in Statement A; an updated Statement B that asks for information in the same categories of receipts (13) as the current Form LM–2 and ten additional supporting schedules (for a total of 23 instead of 13).

Under the proposal, several of the current supporting schedules would change. The schedules for ''Sale of Investments and Fixed Assets'' and ''Purchase of Investments and Fixed Assets'' would be modified by the inclusion of the name of the party transacting with the labor organization in the purchase or sale. The schedule for ''Benefits'' would be modified and the disbursements for benefits to labor organization officers and employees would be reported in the schedules for disbursements to officers and employees.

Under the proposal, the Form LM–2 would be revised to require labor organizations to individually identify receipts within supporting schedules for all of the current categories of receipts.

c. Methodology for the Burden Estimates

In reaching its estimates, the Department considered both the onetime and recurring costs associated with the proposed rule. Separate estimates are included for the initial year of implementation as well as the second and third years. For filers, the Department included separate estimates, based on the relative size of labor organizations as measured by the amount of their annual receipts. The size of a labor organization, as measured by the amount of its annual receipts, will affect the burden on reporting labor organizations. For example, larger labor organizations have more receipts and disbursements to itemize and more employees who have to estimate their time allocation.

In 2005, there were approximately 4,452 labor organizations that were required to file Form LM–2 reports under the LMRDA (approximately 18.5 percent of all labor organizations covered by the LMRDA). Although these estimates may not be predictive of the exact number of labor organizations that will be impacted by this rule in the future, the Department believes these estimates to be sound and derived from the best available information.

The Department's estimates include costs incurred by the labor organization for both labor and equipment. The labor costs reflect the Department's assumption that the labor organizations will rely upon the services of some or all of the following positions (either internal or external staff, including the labor organization's president, secretary-treasurer, accountant, bookkeeper, computer programmer, lawyer, consultant) and the compensation costs for these positions, as measured by wage rates and employer costs published by the Bureau of Labor Statistics or derived from data reported in e.LORS.

The Department also made assumptions relating to the amount of time that particular tasks or activities would take. The activities occur during the distinct ''operational'' phases of the rule: First, tasks associated with modifying bookkeeping and accounting practices, including the modification or purchase of software, to capture data needed to prepare the required reports; second, tasks associated with recordkeeping; and third, tasks associated with sending or exporting the data in an electronic format that can be processed by the Department's import software. Since the analysis is designed to provide estimates for a ''representative'' labor organization the Department's estimates largely reflect weighted averages. Where an estimate depends upon the number of labor organizations subject to the LMRDA or included in one of the tier groups, the Department has relied upon data in the e.LORS system (for the years stated for each example in the text or tables).

The following methodology and assumptions underlie the Department's burden estimates:

- The size of a labor organization, as measured by the amount of its annual receipts, will affect the burden on reporting labor organizations. Larger labor organizations have more receipts and disbursements to itemize and more employees who have to estimate their time allocation. Three tiers, based on annual receipts, have been constructed to differentiate the burdens among Form LM–2 filers.
- A labor organization's use of computer technology, or not, to maintain its financial accounts and prepare annual financial reports under the current rule, will affect the burden on reporting labor organizations. Although few Form LM–2 filers do not have computers, the larger the labor organization the greater likelihood that it will be using a specialized accounting program instead of commercial-off-the-shelf accounting software.
- Relative burden associated will correspond to the following predictable stages: Review of the rule, instructions, and forms; adjustments to accounting software and computer hardware; installation, testing, and review of the Department's reporting software; changing accounting structures and developing, testing, reviewing, and documenting accounting software queries as well as designing query reports; training officers and employees involved in bookkeeping and accounting functions; training officers and employees to maintain information relating to transactions and estimating the amount of time they expend in prescribed categories; the actual recordkeeping of data under the revised procedures associated with itemizing receipts and disbursements and allocating them by functional categories; preparing a download methodology to either submit electronic reports using ''cut and paste'' methods or the import/export technology allowing for a more automated transfer of data to the Department; the development, testing, and review of any translator software that may be required between a labor organization's accounting software and the Department's reporting software; and completing a continuing hardship exemption request if necessary.
- Burden can be categorized as recurring or non-recurring, with the latter primarily associated with the initial implementation stages. Recordkeeping burden, as distinct from reporting burden, will predominate during the first months of implementation.
- Burden can be reasonably estimated to vary over time with the greatest burden in the initial year, decreasing in later years as users gain experience. Estimates for each of the first three years and a three-year average will provide useful information to assess the burden. A weighted average provides a ''snapshot'' of the burden associated with the form for an individual reporting labor organization.
- Burden can be usefully reported as an overall total for all filers in terms of hours and cost. This burden, for most purposes, can be differentiated for each individual form. The Federal burden cannot be reasonably estimated by form.
- The estimated burden associated with the current Form LM–2 and Form LM–3 is the appropriate baseline for estimating the burden and cost associated with the proposed rule.

d. Baseline Adjustments: Current Form LM–2

Prior to the 2003 revision, the Department assumed that 5,038 local labor organizations would take 200 hours and 141 national and international labor organizations would take 1,500 hours to collect and report their information on the current Form LM–2 for a weighted average of approximately 240.0 hours for each of the 5,179 respondents. In addition, the Department assumed at that time that Form LM–2 filers would take an average 24.0 hours for accounting, 16.0 hours for programming, 8.0 hours for legal review, and 4.0 hours for consulting assistance to complete the current form for an average total burden of 292.0 hours per respondent. Further, the Department previously estimated that 160.0 hours of the total is for recordkeeping burden and 132.0 hours is for reporting burden. In 2003, the Department estimated that on average, labor organizations would spend 536.0 hours to comply with the recordkeeping and reporting requirements.

In 2003 the Department estimated that the average annual cost of complying with the current Form LM–2 recordkeeping and reporting requirements per respondent would be $24,271. The total annual cost for all respondents (based on the more recent estimate of 4,452 reporting labor organizations rather than the 5,038 estimate used in 2003) is estimated to be $116.0 million for the current Form LM–2.

e. Revised Form LM–2

To estimate the burden hours and costs for the proposed revisions to Form LM–2, the Department, as it did in connection with the 2003 rule, divided the Form LM–2 filers into three groups or tiers, based on the amount of the labor organizations' annual receipts. As discussed, the Department estimates that there are 4,452 such filers. In Tier I, the Department estimates there are 1,317 labor organizations with annual receipts from $250,000 to $499,999.99. The Department assumes that labor organizations within this tier probably use some type of commercial off-the-shelf accounting software program and will most likely use the ''cut and paste'' feature of the reporting software (*see* Table 3). In Tier II, the Department

estimates there are 3,083 labor organizations with annual receipts from $500,000 to $49.9 million. The Department assumes that labor organizations within this tier most likely use some type of commercial off-the-shelf accounting software program and will use all of the electronic filing features of the reporting software. *Id.* Finally, in Tier III, the Department estimates there are 52 labor organizations with annual receipts of $50.0 million or more. *Id.* The Department assumes that labor organizations within this tier most likely will use some type of specialized accounting software program and also will use all of the electronic filing features of the reporting software.

For each of the three tiers, the Department estimated burden hours for the additional nonrecurring (first year) recordkeeping and reporting requirements, the additional recurring recordkeeping and reporting burden hours, and a three-year annual average for the additional nonrecurring and recurring burden hours associated with the proposed rule.

The proposal will revise Form LM–2 to improve financial disclosure and clarity within categories of receipts and disbursements. Under the proposal, receipts will have to be disclosed in the same manner that disbursements are currently disclosed and certain disbursements (*e.g.*, benefit payments, travel reimbursements, and transactions involving investment and fixed assets) will have to be reported in greater detail. To accomplish this result, additional schedules will be required, which will add to the burden associated with each Form LM–2 filed.

For this analysis the Department has used an approach that largely replicates the approach used in 2003, *i.e.*, estimating the burden and costs by the size of labor organizations as measured by the amount of their annual receipts. However, the current approach differs somewhat from the 2003 approach. Since the basic information required on the new and revised schedules is already needed to complete the current Form LM–2, the Department assumes that most of the burden associated with the proposed changes will occur in the first year due to needed changes to the accounting software and staff training. Like it did in 2003, the Department has estimated burden hours and costs for the additional nonrecurring (first year) recordkeeping and reporting requirements, the additional recurring recordkeeping and reporting burden hours, and a three-year annual average for the additional nonrecurring and recurring burden hours. As in 2003, the Department assumes that Tier I and Tier II labor organizations use commercial off-the-self accounting packages and Tier III labor organizations use customized accounting software.

For proposed revised Schedules 3 and 4 (Sale of Investments and Fixed Assets and Purchase of Investments and Fixed Assets), the Department estimates that labor organizations shall spend, on average, an additional, nonrecurring 10.38 hours per schedule to change their accounting structures; develop, test, review, and document accounting software queries; design query reports; and train accounting personnel. *See* Table 2 below. This estimated burden is derived from the 2003 Form LM–2 PRA estimate for the first year nonrecurring burden associated with Schedule 17 (Contributions, Gifts, and Grants). The changes to that schedule under the 2003 rule (the addition of date, name and address of payer or payee) are the same changes that are proposed for Schedules 3 and 4 in this NPRM. In 2003, the Department determined that in order to provide this information it would take Tier I and II labor organizations 5.3 hours to change their accounting systems and Tier III labor organizations 13.3 hours. Again, as in 2003, the Department estimates that it will take Tier I, II and III labor organizations 1 hour to design the report, 1 hour to develop a query, .75 hours to test the query, .5 hours for management review, .75 hours to document the query process, and .25 hours to train staff. The Department estimates that Tier II and III labor organizations will spend an additional hour preparing download methodology. The average burden was computed by taking the burden in each tier and weighting it by the number of unions in each tier.

To record the date of the transaction and address of the payee on Schedule 4, the Department estimates, using a weighted average based on the number of labor organizations within each tier, that labor organizations will spend an additional (recurring) .03 hours of recordkeeping burden and .48 hours on reporting. To record the date of the transaction and address of the payer on Schedule 3, the Department estimates, using a weighted average based on the number of labor organizations within each tier, that labor organizations will spend an additional (recurring) .07 hours of recordkeeping burden, and .49 hours on reporting burden. Based on extensive public comment and analysis, the Department in 2003 made the following underlying assumptions in determining its final burden numbers. First, that it would take the average Form LM–2 filer approximately .05 hours of additional recordkeeping time per receipt/disbursement to record the name and address of the payer/payee. Second, Tier I labor organizations would incur an additional recordkeeping burden from training (.25 hours) and preparing the report (.33 hours) to record the name and address of the payer/payee. Third, that approximately one-half of the Tier II labor organizations already kept these records, and all Tier III labor organizations kept these records. Therefore, all Tier I labor organizations would be subject to the additional recordkeeping burden, and one-half the Tier II labor organizations would be subject to the additional recordkeeping burden. The Department has adopted these underlying assumptions for its current analysis.

The number of receipts and disbursements on Schedules 3 and 4 for 2006 was compiled from the e.LORS database, which showed that Tier I labor organizations report, on average, less than 1 receipt in Schedule 3 and slightly more than 1 disbursement in Schedule 4. Further, Tier II labor organizations report, on average, 1.5 receipts in Schedule 3 and less than 3.5 disbursements in Schedule 4. Therefore, the additional recordkeeping burden for Tier I and Tier II filers is .06 hours and .13 hours respectively (average number of disbursements/receipts per tier on Schedules 3 and 4 times .05 hours; then divided by two for the Tier II estimate).[18]

Based on the same assumptions underlying the Department's 2006 estimates, the Department assumes that 75% of Tier I filers will use the cut and paste method to enter their data on the Form LM–2 (.08 hour burden per schedule) and 25% will manually enter the data on the Form LM–2 (.016 hour burden per disbursement or receipt) and that all Tier II and III filers will import or attach their data to the Form LM–2 for an additional reporting burden of .42 hours per schedule. The average burden was computed by taking the burden in each tier and weighting it by the number of labor organizations in each tier.

For proposed Schedules 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees), the Department estimates that labor organizations will spend, on average, 10.38 hours to change their accounting structures; develop, test, review, and document accounting software queries; design query reports; and train

[18] The sum is divided for Tier II labor organizations because, as noted above, the Department estimated that one-half of these organizations already keep these records.

accounting personnel. As explained below, this estimated burden was reached by analyzing the 2003 burden estimates from the Form LM–2 final rule for Schedules 11 and 17 and applying that data to the Form LM–2 officer and employee entries on Form LM–2 reports filed with the Department in 2006. As in 2003, the Department assumes that the time required to add a column to one schedule is the same for any schedule. To download the relevant information from their records, programmers will only have to designate an appropriate location on their electronic filing system for collecting and reporting this information. Therefore, each labor organization would require, on average, approximately 5.2 hours to add the benefits column to Schedules 11 and 12 (one-half the time required to add two columns to Schedules 3 and 4). The Department has applied the same nonrecurring burden to the Disbursements for Official Business revision as to the benefits revision, 5.2 hours.[19] The average burden was computed by taking the burden in each tier and weighting it by the number of labor organizations in each tier.

As explained below, the Department estimates that, on average, labor organizations will take an additional (recurring) .19 hours of recordkeeping burden and .49 hours of reporting burden to enter the amount officers receive in benefits on Schedule 11 and track the indirect disbursements for temporary lodging or transportation. Again, these estimates are calculated using the recurring burden estimates from 2003 for Schedules 11 and 17. The average burden was computed by taking the burden in each tier and weighting it by the number of labor organizations in each tier.

The proposed changes to Schedule 11 involve individual columns, not entire schedules. Nevertheless, the Department has assumed that labor organizations will expend about the same amount of time keeping records and entering data required by the new proposed columns on Schedule 11 (using the same methodology, as discussed above, for Schedules 3 and 4). To report the additional information required by the proposed schedule, labor organizations will have to report the amount each of its officers receives in benefits from the labor organization. The labor organization must keep records of the benefits each officer receives, like an itemized schedule, then aggregate the payments and place the aggregate amount next to the officer's name. Although the individual disbursements of $5,000 or more need not be entered on the Form LM–2, the labor organization must track all the disbursements for benefits so that a final lump sum total can be entered for each officer on Schedule 11. Currently, labor organizations are required to keep records of all benefits they provide to officers on the IRS Form 990. Therefore, there is no recurring *recordkeeping* burden associated with the new benefits column. However, there is a slight recurring *reporting* burden, on average, of .49 hours. The Department assumes that 75% of Tier I filers would use the cut and paste method to enter their data on the Form LM–2 (.08 hour burden per column entering data, .25 hours on training, .33 hours preparing the report), and 25% would manually enter the data on the Form LM–2 (.016 hour burden per officer, .25 hours on training, .33 hours preparing the report). Tier II and III filers will import or attach their data to the Form LM–2 for an additional reporting burden of .42 hours. Further, there is no new recurring reporting burden for indirect disbursements for temporary lodging or transportation. This information is currently required to be reported in Schedules 15 through 20, as appropriate; thus, as only the location on the form is changed, there is no additional reporting burden. The only burden associated with this proposed change is estimated to be about the same amount of time required for a new itemized schedule (.19 hours). The average burden was computed by taking the burden in each tier and weighting it by the number of labor organizations in each tier.

Compared to the proposed revised Schedule 11, the Department estimates that, on average, labor organizations will spend slightly more time on the proposed revised Schedule 12. Labor organizations, on average, will spend an additional (recurring) .75 hours of recordkeeping burden and .5 hours of reporting burden to track and enter the amount employees receive in benefits on Schedule 12 and track the indirect disbursements for temporary lodging or transportation. Unlike benefits to officers (which are reported on Schedule 11), labor organizations do not have to track benefits paid to employees for the IRS Form 990 unless those employees are ''key employees.'' Further, labor organizations have not had to track by individual employee the indirect disbursements to employees for lodging or travel under the current Form LM–2.

There is no way to determine the amount or number of benefits or indirect disbursement for lodging or travel being paid to employees from the current Form LM–2. To estimate the additional burden associated with these tasks, the Department assumes that labor organizations will expend the same amount of time keeping records of benefits and indirect disbursements for lodging or travel for data entry on Schedule 12 as they do on Schedules 3 and 4. The Department assumes that labor organizations already keep some records of benefits paid to employees and indirect disbursements for lodging and travel. However, it is unlikely that these benefits or disbursements appear next to the name of the person who received them. Therefore, like Schedules 3 and 4, the labor organizations will now have to track the name of the person to whom (or on whose behalf) the disbursement is made. Unlike Schedules 3 and 4, where the burden is based on the estimated number of disbursements, Schedule 12's recordkeeping burden is based on the estimated number of employees. Tier I labor organizations will spend approximately 3 minutes (.05 hours) per employee keeping records of benefits paid to each employee and 3 minutes (.05 hours) per employee keeping records of indirect disbursements for lodging or travel made to employees. On average, Tier I labor organizations have 9.67 employees listed on their Form LM–2. As on Schedule 3 and 4, the Department assumes that one half of the Tier II labor organizations will already keep data on benefits and indirect disbursements for lodging or travel made to employees, but the other one half will spend approximately 3 minutes (.05 hours) per employee keeping records of benefits paid to each employee and 3 minutes (.05 hours) per employee keeping records of indirect disbursements for lodging or travel made to each employee. On average, Tier II labor organizations have 13.53 employees listed on their Form LM–2. Finally, it is assumed that Tier III labor organizations already keep records of benefits and indirect disbursements for lodging or travel by employee. Therefore, labor organizations will spend an additional .75 hours keeping records of employee benefits and disbursements to employees for lodging or travel. Like Schedules 3 and 4, the Department assumes it will take Tier I

[19] The Department suspects that it will take significantly less time to make the changes listed above to column F (Disbursements for Official Business) on Schedules 11 and 12, which will now include indirect disbursements for temporary lodging or transportation while on official business for the labor organization. However, this information has never been reported *by individuals* and there is no data upon which to reliably estimate the number of disbursements.

labor organization .05 hours recordkeeping burden per employee to keep the new data. The Department, however, also assumes that one-half the Tier II labor organizations currently keep the records, and all the Tier III labor organizations keep the records. Additionally, the Department assumes that labor organizations will use the same method for reporting benefits as they use throughout the Form LM–2. Therefore, the Department estimates that labor organizations will spend an additional .50 hours per year reporting benefits on the Form LM–2. There is no additional reporting cost associated with the removal of the exemption for indirect disbursements to employees for lodging or travel. This information is now reported in Schedules 15 through 20, as appropriate, so only the reporting location on the form is changed. The average burden was computed by taking the burden in each tier and weighting it by the number of labor organizations in each tier.

For proposed Schedules 14 through 22, the Department estimates that labor organizations will spend, on average, 10.38 hours per schedule to change their accounting structures; develop, test, review, and document accounting software queries; design query reports; and train accounting personnel. This burden estimate is based largely on the 2003 burden estimates for Schedule 14 and the number of itemized receipts reported on Schedule 14 in 2006, approximately 6.4 per filer. It should be noted that the Department has used the number of itemized entries currently reported on Schedule 14 for estimating this burden because there is no way to determine the number of itemized receipts which will appear on the proposed Schedules 14 through 22 as they currently only report an aggregate number. However, since Schedule 14 is a ''catch all'' schedule (includes all other receipts which do not fit into the other specific receipt schedules), it is likely that the number of entries on proposed Schedules 14 through 22 will be significantly lower than the Department's estimate. As in 2003, the Department estimates that it will take Tier I and Tier II labor organizations 5.3 hours to change their accounting structures and 13.3 hours for Tier III labor organizations to change their accounting structures. Additionally, the Department estimates that each labor organization will spend approximately 4.95 hours setting up the reporting system. The smallest Form LM–2 filers, Tier I, will spend approximately 4.25 hours setting up their reporting schedules (1 hour to design report, 1 hour to develop query, .75 hours to test query, .5 hours for management review, .75 hours for document query process, and .25 hours to train new staff). The Tier II and III labor organizations will spend an additional hour setting up their systems as their systems are more complicated and will require a greater number of entries.

The Department also estimates that, on average, labor organizations will take an additional (recurring) .21 hours of recordkeeping burden and .47 hours of reporting burden to complete proposed Schedules 14 through 22. In 2003 the Department made the underlying assumption that labor organizations will spend 3 minutes (.05 hours) on recordkeeping per disbursement or receipt. Further, the Department assumed that all the largest labor organizations, Tier III, and 10% of the Tier II labor organizations will already keep this data. The Department has adopted the above underlying assumptions in its current analysis. In 2006, Tier I filers had, on average, 1.3 entries on other receipts and Tier II filers had, on average, 6.1 entries on other receipts. If it takes 3 minutes of recordkeeping per receipt or disbursement, then the average labor organization will spend .21 hours per schedule on recordkeeping each year. Further, as in 2003, the Department assumes that Tier I filers will spend .25 hours on training, .33 hours preparing the report and 1 minute (.02 hours) to manually enter each disbursement or receipt on the report and Tier II and III filers will spend 25 minutes (.42 hours) per schedule to cut and paste or import their data onto the Form LM–2. Therefore, the Department estimates the reporting burden per schedule to be .47 hours. The average burden was computed by taking the burden in each tier and weighting it by the number of labor organizations in each tier.

Finally, the Department estimates that labor organizations will spend, on average, an additional, recurring 2.0 hours reviewing the revised Form LM–2 and instructions. In 2003, the Department estimated that, on average, labor organizations would spend 4.0 hours reviewing the current Form LM–2 and instructions. The Department has reduced the burden associated with reviewing the revised Form LM–2 and instructions because the proposed changes are significantly less extensive than the changes in 2003 and labor organizations are familiar with the kinds of changes being made to the proposed Form LM–2.[20]

Table 3: The Characteristics of Form LM-2 Filers by Receipt and Disbursement Entries

Characteristics	Average Annual Receipts			
	$250,000 to $499,999	$500,000 to $49.999 million	$50.0 million or more	Total
Number of LM-2 Filers	1,317	3,083	52	4,452
Number of Officers Listed on All Officers and Disbursements to Officers (Schedule 11)	1.90	9.47	313.62	324.99
Number of Employees Listed on Disbursements to Employees (Schedule 12)	9.67	13.53	53.67	76.87
Number of Entries Under Sale of Investments and Fixed Assets (Schedule 3)	0.43	1.47	8.62	10.52
Number of Entries Under Purchase of Investments and Fixed Assets (Schedule 4)	1.07	3.34	12.75	17.16
Number of Entries Under Other Receipts (Schedule 14)	1.29	6.10	153.52	160.92
Number of Entries Under Benefits (Schedule 20)	2.54	4.86	19.98	27.38

Given the current widespread use of automated accounting packages and labor organizations' experience with the electronic filing, the Department is not making the assumption (that was made in 2003) that over time the recurring burden would be reduced due to efficiency gains as the accounting staff became familiar with the software.

[20] The Department estimates the total recordkeeping and reporting burden to average 682.09 hours per response in the first-year and 547.14 hours per response in the second- and third-years. The total first-year burden was computed by adding the current Form LM–2 total burden hours per respondent (536) to the revised Form LM–2 first-year burden (146.09) from Table 5. The second- and third-year burden was computed by adding the current Form LM–2 total burden hours per respondent (536) to the revised Form LM–2 second- and third-year burden (11.14) from Table 5.

Rather, the Department assumes that the second- and third-year burden will be equal to the recurring first-year burden.

To develop the cost estimates, the Department examined data from BLS and the e.LORS system. The Department examined salary data for the positions of president, secretary-treasurer, accountant, and bookkeeper-clerk. This review was conducted for labor organizations in all three tiers. Based on this review the Department has developed averages for these labor organization personnel in each tier. The annual salaries were divided by 2080 hours to convert them to hourly rates. These figures are reported in Table 4 immediately below.

Table 4. Average Hourly Wage Rates for Labor Organization Personnel and Outside Accountants by Tier

Position		Tier I	Tier II	Tier III
President		$15.52	$73.06	$110.98
Secretary/Treasurer		$15.36	$58.83	$94.29
Outside Accountant		$27.22	$27.22	$27.22
Bookkeeper/Clerk		$17.96	$21.17	$26.88
Weighted Average		$15.89	$35.19	$36.74

The weighted average salary rates were then multiplied by the estimated additional burden hours to arrive at the estimated additional cost burden displayed in Table 5 below.

BILLING CODE 4510–86–P

Table 5: Reporting and Recordkeeping Burden Hours and Costs for Revised Form LM-2

Form	Number of Responses	Reporting Hours Per Respondent	Total Reporting Hours	Recordkeeping Hours Per Respondent	Total Recordkeeping Hours	Total Burden Hours Per Respondent	Total Burden Hours	Average Cost Per Respondent	Total Cost
Current Form LM-2	4,452	146.40	651,772.80	389.60	1,734,499.20	536	2,386,272	$15,812	$70,395,024
Additona Burden from Revised Form LM-2									
First Year	4,452	72.61	323,257.14	73.48	327,149.94	146.09	650,407	$4,310	$19,187,009
Second Year	4,452	8.21	36,529.14	2.94	13,069.94	11.14	49,599	$329	$1,463,173
Third Year	4,452	8.21	36,529.14	2.94	13,069.94	11.14	49,599	$329	$1,463,173
Three Year Average	4,452	29.67	132,105.14	26.45	117,763.27	56.12	249,868	$1,656	$7,371,118

BILLING CODE 4510–86–C

The Department estimates the additional weighted average reporting and recordkeeping burden for the revised Form LM–2 to be 146.09 hours per respondent in the first year (including nonrecurring implementation costs) and 11.14 hours per respondent in the second and third years. *See* Table 5 below. The Department estimates the total additional annual burden hours for respondents for the revised Form LM–2 to be 650,407 hours in the first year and 49,599 hours in the second and third years.

The Department estimates the additional weighted average annual cost for the revised Form LM–2 to be $4,310 ($29.50 (weighted average cost per hour) x 146.09 (additional hours to complete the proposed changes to Form LM–2 in first year) = $4,310) per respondent in the first year (including nonrecurring implementation costs) and $329 ($29.50 (weighted average cost per hour) × 11.14 (additional hours to complete the proposed changes to Form LM–2 in second and third year) = $329) per respondent in the second year and third year. The Department also estimates the total additional annual cost to respondents for the revised Form LM–2 to be $19.19 million ($29.50×650,407 (total hours to complete proposed changes to Form LM–2 in first year) = $19.19 million) in the first year and $1.46 million ($29.50×49,599 (total hours to complete proposed changes to Form LM–2 in second and third year) = $1.46 million) in the second and third years.

The Department's estimates of the additional burden and costs associated with the proposed revisions to the Form LM–2 are presented in Table 5. This table only presents the increases associated with the proposed changes to the form. Neither the burden or costs associated with the current Form LM–2 nor the proposed revocation of the privilege of some labor organizations to file the Form LM–3 is included in these estimates.

Appropriate information technology is used to reduce burden and improve efficiency and responsiveness. The current forms can be downloaded from the OLMS Web site. OLMS has also implemented a system to require Form LM–2 filers and permit Form LM–3 and Form LM–4 filers to submit forms electronically with digital signatures. Labor organizations are currently required to pay a minimal fee to obtain electronic signature capability for the two officers who sign the form. These digital signatures ensure the authenticity of the reports. Information about this system can be obtained on the OLMS Web site at *http://www.olms.dol.gov*.

The OLMS Online Public Disclosure Room is available for public use at *http://www.unionreports.gov*. The site contains a copy of each labor organization's annual financial report for reporting year 2000 and thereafter as well as an indexed computer database on the information in each report that is searchable through the Internet.

OLMS includes e.LORS information in its outreach program, including compliance assistance information on the OLMS website, individual guidance provided through responses to email, written, or telephone inquiries, and formal group sessions conducted for labor organization officials regarding compliance.

2. Form LM–3 Revocation Procedures Burden Estimates

The Department proposes to establish a procedure for revoking the simplified reports filing privilege, provided by 29 CFR 403.4(a)(1), for labor organizations that are delinquent in their Form LM–3 filing obligation, have failed to timely file an amended form after notification that the report is materially deficient, or those for which the Department otherwise finds that the purposes of section 208 of the LMRDA, 29 U.S.C. 438, would be served by such revocation. The Department's ultimate goal in revoking the filing privilege for such labor organizations is to promote greater financial transparency. As discussed above, the revised paperwork requirements are necessary to effectuate the purposes of the LMRDA by providing members of labor organizations with information about their labor organizations that will enable them to be responsible, informed, and effective participants in the governance of their labor organizations; discourage embezzlement and financial mismanagement; prevent the circumvention or evasion of the statutory reporting requirements; and strengthen the effective and efficient enforcement of the LMRDA by the Department. The manner in which the collected information will serve these purposes is discussed throughout the preamble to this proposed rule.

As discussed in the preceding discussion about the Form LM–2, the Department estimates that Form LM–2 filers will spend 463.08 hours (389.60 (average recordkeeping hours to complete current Form LM–2) + 73.48 (average recordkeeping hours to complete proposed changes to Form LM–2) = 463.08) fulfilling recordkeeping requirements and 219.01 hours (146.40 (average reporting hours to complete current Form LM–2) + 72.61 (average reporting hours to complete proposed changes to Form LM–2) = 219.01) completing the proposed form in the first year. However, the Department assumes that labor organizations with total annual receipts under $250,000 will not devote as many hours nor incur as high a cost as labor organizations with greater annual receipts. As explained below, the Department has estimated that Form LM–3 filers who lose their filing privilege will expend 143.56 hours fulfilling the recordkeeping requirements of the Form LM–2 and 67.89 hours completing the form itself, which corresponds to $3,359.92 in costs.

In its PRA estimates for the 2003 final rule, the Department estimated that the average Form LM–2 filer in the first year of the final rule would expend 133.9 hours on recurring recordkeeping functions related to Schedule 11 (Officers) and an additional 69.3 hours on recurring recordkeeping burden hours related to Schedule 12 (Employees). See Table 4 of the Form LM–2 final rule at 68 FR 58439. These 203.2 hours (133.9 plus 69.3) represent the recurring recordkeeping hours that labor organization officers and employees spend tracking the functional reporting categories for their work (*i.e.*, recordkeeping for Schedules 11 and 12 on Form LM–2). These hours also represent over one half (56%) of the total estimated recurring recordkeeping burden hours for the average Form LM–2 filer during the first year of the final rule. It bears repeating, however, that the total of 203.2 hours represents the burden for officers and employees of the average labor organization filing the Form LM–2, not the smallest labor organizations.

In the 2003 rule, the Department estimated that officers and employees of the smallest Form LM–2 filers (Tier I filers) would spend only 30 minutes a month (rather than 60 minutes for larger labor organizations) during the year and an hour at the end of the year on recurring recordkeeping, corresponding to a total of seven hours per officer/employee per year. Moreover, the Department estimated that Tier I labor organizations only have an average of eight officers and one employee. See 68 FR 58436–37. The Department therefore estimated that these nine officers and employees would spend only 63 hours (nine officers/employees multiplied by seven burden hours) on recurring recordkeeping, rather than the average of 203 hours for all Form LM–2 filers. See 68 FR 58439. This 140 hour difference (203 minus 63) represents a

69% difference in the overall average burden hours for all Tier I labor organization officers and employees on this aspect of the Form LM–2 rule. The Department has extrapolated from these 2003 figures to determine estimates of the total burden and costs for Form LM–3 filers that lose their simplified filing privilege and instead file a Form LM–2. As discussed below, the Department calculated an adjusted burden estimate for the average Form LM–2 filer, and then reduced this amount by 69%, to reflect the generally fewer assets, liabilities, and financial transactions of the ''Tier I'' labor organizations.

In adjusting the overall burden of the average Form LM–2 filer, the Department eliminated those recurring and nonrecurring burden hours and costs (shown in Table 5) associated with electronic filing, because the proposed rule allows affected labor organizations the option of filing electronically or by paper. Form LM–3 filers currently have the option of filing the Form LM–3 electronically. However, in the latest fiscal year for which data is available (2005) fewer than 20 did so. Given the very small number of Form LM–3 filers that voluntarily use the electronic filing system, the Department anticipates that none of the labor organizations that have their Form LM–3 filing privilege revoked will use electronic filing on their Form LM–2. Thus, for purposes of the proposed rule, the Department combined the remaining recurring and nonrecurring recordkeeping and reporting burden hours, because the typical Form LM–3 filer that must file a Form LM–2 will incur such burdens only once (*i.e.*, the burden hours and costs will all be nonrecurring). The estimated totals for the average filer in these situations are 463.08 hours for recordkeeping and 219.01 hours for reporting.

As mentioned, the Department reduced the combined Form LM–2 recordkeeping and reporting burden estimates for the average Form LM–2 filer (shown by Table 2) by 69%, concluding that affected labor organization will spend 211.45 hours completing Form LM–2 (143.55 burden hours for recordkeeping and 67.89 hours for reporting) for a total cost of $3,359.92 per respondent. To calculate the total cost, the Department has used the same weighted average salary rates for Tier I labor organizations ($15.89) used above in computing dollar costs.

Form LM–3 filers spend an estimated 64 hours fulfilling recordkeeping requirements and 52 hours completing the form (corresponding to a total cost of $1,404 per filer at $12.10 per hour). Therefore, the Department estimates that a Form LM–3 labor organization that loses its Form LM–3 filing privilege and files a Form LM–2 in its place will experience an increase of 79.55 hours (143.55 − 64 = 79.55) for recordkeeping and 15.89 hours (67.89 − 52 = 15.89 hours) for reporting burdens associated with the Form LM–2, which translates to a total burden hour increase of 95.45 hours and a cost increase of $1,955.92 ($3,359.92 − $1,404 = $1,955.92) per filer.[21] The Department estimates that it will revoke the Form LM–3 filing privilege for an average of 96 filers during each of the first three years of the proposed rule. This will result in an increase of 7,637.37 recordkeeping burden hours (96 × 79.55) and 1,525.72 reporting burden hours (96 × 15.89) per year. Thus, there is an estimated annual increase of 9,163.09 total burden hours and an estimated annual increase of $187,798.61 in costs.

Finally, as discussed above in greater detail, this aspect of the proposed rule relies on appropriate information technology to reduce burden and improve efficiency and responsiveness. At the same time, the Department's proposal has sought to minimize the burden on the reporting labor organization by permitting it to submit the report manually. Upon its receipt of manual reports, the Department will enter the information electronically so that members of labor organizations, the public, and the Department's investigators will be able to access and fully search these reports through the OLMS Online Public Disclosure Room.

BILLING CODE 4510–86–P

[21] It should be noted that the increased cost to file the LM–2 ($1,955.92) is not the same as the cost associated with the increased burden hours to file the Form LM–2 instead of the Form LM–3 (95.45 hours × the $15.89 average salary rate = $1516.68). As stated above, the Department assumes that the hourly cost for those Form LM–2 filers who have had their Form LM–3 privilege revoked to be the same as Tier I Form LM–2 filers or $15.89. Therefore, the additional cost to Form LM–2 filers who have had their Form LM–3 filing privilege revoked is based on the increased burden hours to file the Form LM–2 (95.45) and the additional hourly cost of $3.79 ($15.89 hourly cost to file Form LM–2 − $12.10 hourly cost to file Form LM–3 = $3.79). Thus, $3.79 (the additional hourly cost to complete the Form LM–2 rather than the Form LM–3) × 116 (the original burden hours to complete the Form LM–3 that, under the proposal, would now be used to complete the Form LM–2) = $439.24 (the additional cost of completing the Form LM–2 rather than the Form LM–3). This sum ($439.24) added to $1,516.68 (which is the product of 95.45 (additional hours to complete the Form LM–2 rather than Form LM–3) and $15.89 (hourly cost to fill out the Form LM–2)) equals $1955.92 (the total additional cost of completing the Form LM–2 rather than the Form LM–3).

Table 6: Reporting and Recordkeeping Burden Hours and Costs for LM-3 Filers Who Have Had Their Privilege Revoked

Form	Number of Responses	Reporting Hours Per Respondent	Total Reporting Hours	Recordkeeping Hours Per Respondent	Total Recordkeeping Hours	Total Burden Hours Per Respondent	Total Burden Hours	Average Cost Per Respondent	Total Cost
Current Form LM-3	96	52.00	4,992.00	64.00	6,144.00	116.00	11,136.00	$1,404.00	$134,784.00
Revised Form LM-2	96	67.89	6,517.44	143.56	13,781.76	211.45	20,299.20	$3,359.94	$322,554.29

BILLING CODE 4510–86–C

3. Request for Public Comment

Currently, the Department is soliciting comments concerning the information collection request (''ICR'') for the information collection requirements included in this proposed regulation at section 403.2, Annual financial report, of title 29, Code of Federal Regulations, which, when implemented, will revise the existing OMB control number 1215–0188. A copy of this ICR, with applicable supporting documentation; including among other things a description of the likely respondents, proposed frequency of response, and estimated total burden may be obtained from the RegInfo.gov Web site at *http://www.reginfo.gov/public/do/PRAMain* or by contacting Darrin King on 202–693–4129 (this is not a toll-free number)/e-mail: *king.darrin@dol.gov*. Please note that comments submitted in response to this notice will be made a matter of public record.

The Department hereby announces that it has submitted a copy of the proposed regulation to the Office of Management and Budget (''OMB'') in accordance with 44 U.S.C. 3507(d) for review of its information collections. The Department and OMB are particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., by permitting electronic submission of responses.

Type of Review: Revision of a currently approved collection.

Agency: Employment Standards Administration.

Title: Labor Organization and Auxiliary Reports.

OMB Number: 1215–0188.

Affected Public: Private Sector: Not-for-profit institutions.

Number of Annual Responses: 34,054.[22]

Frequency of Response: Annual for most forms.

Estimated Total Annual Burden Hours: 4,568,057.

Estimated Total Annual Burden Cost: $111,071,724.

Potential respondents are hereby duly notified that such persons are not required to respond to a collection of information or revision thereof unless approved by OMB under the PRA and it displays a currently valid OMB control number. *See* 35 U.S.C. 3506(c)(1)(B)(iii)(V). In accordance with 5 CFR 1320.11(k), the Department will publish a notice in the **Federal Register** informing the public of OMB's decision with respect to the ICR submitted thereto under the PRA.

4. Annualized Federal Costs

The estimated annualized Federal cost of this rule is $231,924.52. This represents estimated operational expenses such as computer programming to amend the Form LM–2, and staff time to draft documents and review materials in cases where a labor organization's privilege to file the Form LM–3 is revoked.

Executive Order 13045 (Protection of Children From Environmental Health Risks and Safety Risks)

In accordance with Executive Order 13045, the Department has evaluated the environmental safety and health effects of the proposed rule on children. The Department has determined that the proposed rule will have no effect on children.

Executive Order 13175 (Consultation and Coordination With Indian Tribal Governments)

The Department has reviewed this proposed rule in accordance with Executive Order 13175, and has determined that it does not have ''tribal implications.'' The proposed rule does not ''have substantial direct effects on one or more Indian tribes, on the relationship between the Federal government and Indian tribes, or on the distribution of power and responsibilities between the Federal government and Indian tribes.''

[22] This figure includes the burden estimates associated with the Department's proposal to establish a reporting requirement concerning a labor organization's section 3(1) trusts. *See* 73 FR 11754, March 4, 2008.

Executive Order 12630 (Governmental Actions and Interference With Constitutionally Protected Property Rights)

This proposed rule is not subject to Executive Order 12630, Governmental Actions and Interference with Constitutionally Protected Property Rights, because it does not involve implementation of a policy with takings implications.

Executive Order 12988 (Civil Justice Reform)

This proposed rule has been drafted and reviewed in accordance with Executive Order 12988, Civil Justice Reform, and will not unduly burden the federal court system. The proposed rule has been written so as to minimize litigation and provide a clear legal standard for affected conduct, and has been reviewed carefully to eliminate drafting errors and ambiguities.

Environmental Impact Assessment

The Department has reviewed the proposed rule in accordance with the requirements of the National Environmental Policy Act (''NEPA'') of 1969 (42 U.S.C. 4321 *et seq.*), the regulations of the Council on Environmental Quality (40 U.S.C. part 1500), and the Department's NEPA procedures (29 CFR part 11). The proposed rule will not have a significant impact on the quality of the human environment, and, thus, the Department has not conducted an environmental assessment or an environmental impact statement.

Executive Order 13211 (Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use)

This proposed rule is not subject to Executive Order 13211, because it will not have a significant adverse effect on the supply, distribution, or use of energy.

List of Subjects in 29 CFR Part 403

Labor unions, Reporting and recordkeeping requirements.

Text of Proposed Rule

Accordingly, the Department proposes to amend part 403 of 29 CFR Chapter IV as set forth below:

PART 403—LABOR ORGANIZATION ANNUAL FINANCIAL REPORTS

1. The authority citation for part 403 is revised to read as follows:

Authority: Secs. 202, 207, 208, 73 Stat. 525, 529 (29 U.S.C. 432, 437, 438); Secretary's Order No. 4–2007, May 2, 2007, 72 FR 26159.

2. Amend 29 CFR 403.4 by:

a. Revising paragraph (a)(1) to read as set forth below.

b. Redesignating paragraph (b) as paragraph (f).

c. Adding new paragraphs (b), (c), (d), and (e) to read as set forth below.

§ 403.4 Simplified annual reports for smaller labor organizations.

(a)(1) If a labor organization, not in trusteeship, has gross annual receipts totaling less than $250,000 for its fiscal year, it may elect, subject to revocation of the privilege as provided in section 208 of the LMRDA, to file the annual financial report called for in section 201(b) of the LMRDA and § 403.3 on United States Department of Labor Form LM–3 entitled ''Labor Organization Annual Report,'' in accordance with the instructions accompanying such form and constituting a part thereof.

* * * * *

(b) The Secretary may revoke a labor organization's privilege to file the Form LM–3 simplified annual report described in paragraph (a)(1) of this section and require the labor organization to file the Form LM–2 as provided in § 403.3, if the following conditions are met:

(1) The Secretary has undertaken an investigation revealing:

(i) The labor organization failed to file the Form LM–3 on or before the date it was due; or

(ii) The labor organization filed the Form LM–3 with a material deficiency and failed to timely remedy this deficiency after notification by the Secretary that the report was deficient; or

(iii) Other circumstances exist that warrant revocation of the labor organization's privilege to file the Form LM–3.

(2) The Secretary has provided notice to the labor organization of the proposed decision to revoke the filing privilege, the reason for such revocation, and an opportunity for the labor organization to submit in writing a position statement with relevant factual information and argument regarding:

(i) The existence of the delinquency or the deficiency (including whether it is material) or other circumstances alleged in the notice;

(ii) The reason for the delinquency or deficiency and whether it was caused by factors reasonably outside the control of the labor organization; and

(iii) Any other factors that should be considered in mitigation of revoking the labor organization's privilege to file the Form LM–3.

(3) The Secretary (or his or her designee who will not have participated in the investigation), after review of all the information provided, shall issue a determination in writing to the labor organization, stating the reasons for the determination, and, as appropriate, informing the labor organization that it must file the Form LM–2 for such reporting periods as the Secretary finds appropriate.

(c) A labor organization that receives a notice as set forth in paragraph (c)(2) of this section must submit its written statement of position and any supporting facts and argument (by mail, hand delivery, or by alternative means if specified in the notice) to the Office of Labor-Management Standards (OLMS) at the address provided in the notice within 30 days after the date of the letter proposing revocation. If the 30th day falls on a Saturday, Sunday, or Federal holiday, the submission will be timely if received by OLMS on the first business day after the 30th day. Absent a timely submission to OLMS, the proposed revocation shall take effect automatically unless the Secretary in his or her discretion determines otherwise.

(d) The Secretary shall make the determinations provided for in the foregoing paragraphs of this section. The determination shall be the Department's final agency action on the revocation.

(e) For purposes of this section, a deficiency is ''material'' if in the light of surrounding circumstances, the inclusion or correction of the item in the report is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced.

* * * * *

Signed in Washington, DC, this 2nd day of May 2008.

Victoria A. Lipnic,

Assistant Secretary for Employment Standards.

Don Todd,

Deputy Assistant Secretary for Labor-Management Programs.

Appendix

Note: This appendix, which will not appear in the Code of Federal Regulations, contains the proposed revised Form LM–2, instructions and related charts.

BILLING CODE 4510–86–P

U.S. Department of Labor
Employment Standards Administration
Office of Labor-Management Standards
Washington, DC 20210

FORM LM-2 LABOR ORGANIZATION ANNUAL REPORT

Form Approved
Office of Management and Budget
No. 0000-0000
Expires: 00-00-0000

MUST BE USED BY LABOR ORGANIZATIONS WITH $250,000 OR MORE IN TOTAL ANNUAL RECEIPTS AND LABOR ORGANIZATIONS IN TRUSTEESHIP

This report is mandatory under P.L. 86-257, as amended. Failure to comply may result in criminal prosecution, fines, or civil penalties as provided by 29 U.S.C. 439 or 440.

READ THE INSTRUCTIONS CAREFULLY BEFORE PREPARING THIS REPORT.

For Official Use Only	1. FILE NUMBER	2. PERIOD COVERED (MO DAY YEAR)	3. (a) AMENDED - If this is an amended report, check here: ☐ (b) HARDSHIP - If filing under the hardship procedures, check here: ☐ (c) TERMINAL - If this is a terminal report, check here: ☐
E	000-000	From Through	

4. AFFILIATION OR ORGANIZATION NAME	8. MAILING ADDRESS (Type or print in capital letters)
5. DESIGNATION (Local, Lodge, etc.) / 6. DESIGNATION NUMBER	First Name / Last Name
7. UNIT NAME (if any)	P.O. Box - Building and Room Number
	Number and Street
9. Are your organization's records kept at its mailing address? (If "No," provide address in Item 69.) Yes ☐ No ☐	City
	State / ZIP Code + 4

69. ADDITIONAL INFORMATION (Text entered will appear on last page of form. To enter comments, press the "General Additional Information" button.)

Each of the undersigned, duly authorized officers of the above labor organization, declares, under penalty of perjury and other applicable penalties of law, that all of the information submitted in this report (including the information contained in any accompanying documents) has been examined by the signatory and is, to the best of the undersigned's knowledge and belief, true, correct, and complete. (See Section VI on penalties in the instructions.)

70. SIGNED: _____ PRESIDENT (If other title, see instructions.)
Date _____ Telephone Number _____

71. SIGNED: _____ TREASURER (If other title, see instructions.)
Date _____ Telephone Number _____

Form LM- 2 (Revised 2008)

COMPLETE ITEMS 10 THROUGH 21

FILE NUMBER: 000-000

10. During the reporting period did the labor organization create or participate in the administration of a trust or other fund or organization, as defined in the instructions, which provides benefits for members or their beneficiaries? Yes ☐ No ☐

11. During the reporting period did the labor organization have a political action committee (PAC) fund? Yes ☐ No ☐

12. During the reporting period did the labor organization have an audit or review of its books and records by an outside accountant or by a parent body auditor/representative? Yes ☐ No ☐

13. During the reporting period did the labor organization discover any loss or shortage of funds or other assets? (Answer "Yes" even if there has been repayment or recovery.) Yes ☐ No ☐

14. What is the maximum amount recoverable under the labor organization's fidelity bond for a loss caused by any officer, employee or agent of the labor organization who handled union funds? ☐

15. During the reporting period did the labor organization acquire or dispose of any assets in any manner other than by purchase or sale? Yes ☐ No ☐

16. Were any of the labor organization's assets pledged as security or encumbered in any other way at the end of the reporting period? Yes ☐ No ☐

17. Did the labor organization have any contingent liabilities at the end of the reporting period? Yes ☐ No ☐

18. During the reporting period did the labor organization have any changes in its constitution and bylaws, other than rates of dues and fees, or in practices/procedures listed in the instructions? Yes ☐ No ☐

19. What is the date of the labor organization's next regular election of officers? ☐

20. How many members did the labor organization have at the end of the reporting period? (Total from Line 8 of Schedule 13) ☐

21. What are the labor organization's rates of dues and fees? (Enter a minimum and maximum if more than one rate applies for any line.)

Rates of Dues and Fees

Dues/Fees	Amount		Unit	Minimum	Maximum
(a) Regular		per			
(b) Working		per			
(c) Initiation Fees		per			
(d) Transfer Fees		per			
(e) Work Permits		per			

If the answer to any of the above questions is "Yes," provide details in Item 69 (Additional Information) as explained in the instructions for each item.

Form LM- 2 (Revised 2008)

STATEMENT A - ASSETS AND LIABILITIES

Complete Schedules 1 Through 29 Before Completing Statement A

FILE NUMBER: 000-000

Assets

ASSETS	Schedule Number	Start of Reporting Period (A)	End of Reporting Period (B)
22. Cash			
23. Accounts Receivable	1		
24. Loans Receivable	2		
25. U.S. Treasury Securities			
26. Investments	5		
27. Fixed Assets	6		
28. Other Assets	7		
29. TOTAL ASSETS			

Liabilities

LIABILITIES	Schedule Number	Start of Reporting Period (C)	End of Reporting Period (D)
30. Accounts Payable	8		
31. Loans Payable	9		
32. Mortgages Payable			
33. Other Liabilities	10		
34. TOTAL LIABILITIES			

35. NET ASSETS (Item 29 Less Item 34)		

Form LM- 2 (Revised 2008)

STATEMENT B – RECEIPTS AND DISBURSEMENTS

Complete Schedules 1 Through 29 Before Completing Statement B

FILE NUMBER: 000-000

Item	CASH RECEIPTS	SCH #	AMOUNT
36.	Dues and Agency Fees	14	
37.	Per Capita Tax	15	
38.	Fees, Fines, Assessments, Work Permits	16	
39.	Sale of Supplies	17	
40.	Interest	18	
41.	Dividends	19	
42.	Rents	20	
43.	Sale of Investments and Fixed Assets	3	
44.	Loans Obtained	9	
45.	Repayments of Loans Made	2	
46.	On Behalf of Affiliates for Transmittal to Them	21	
47.	From Members for Disbursement on Their Behalf	22	
48.	Other Receipts	23	
49.	TOTAL RECEIPTS		

Item	CASH DISBURSEMENTS	SCH #	AMOUNT
50.	Representational Activities	24	
51.	Political Activities and Lobbying	25	
52.	Contributions, Gifts, and Grants	26	
53.	General Overhead	27	
54.	Union Administration	28	
55.	Benefits	29	
56.	Per Capita Tax		
57.	Strike Benefits		
58.	Fees, Fines, Assessments, etc.		
59.	Supplies for Resale		
60.	Purchase of Investments and Fixed Assets	4	
61.	Loans Made	2	
62.	Repayment of Loans Obtained	9	
63.	To Affiliates of Funds Collected on Their Behalf		
64.	On Behalf of Individual Members		
65.	Direct Taxes		
66.	Subtotal		
67.	Withholding Taxes and Other Payroll Deductions		
	67a. Total Withheld		
	67b. Less Total Disbursed		
67c.	Total Withheld But Not Disbursed		
68.	TOTAL DISBURSEMENTS (Line 66-Line 67c)		

Form LM-2 (Revised 2008)

DETAILED SUMMARY PAGE – SALES & PURCHASES SCHEDULES 3 & 4

Complete Schedules 3 and 4 Before Completing Statement B

FILE NUMBER: 000-000

SCHEDULE 3 - SALE OF INVESTMENTS AND FIXED ASSETS		
(1) Total of All Itemized Transactions With All Named Purchasers		
(2) Total of All Non-Itemized Transactions With All Named Purchasers		
(3) Total of All Other Sales of Investments and Fixed Assets		
(4) Total		
	(5) Less Reinvestments	
	(6) Net Received from Sales	

SCHEDULE 4 - PURCHASE OF INVESTMENTS AND FIXED ASSETS		
(1) Total of All Itemized Transactions With All Named Sellers		
(2) Total of All Non-Itemized Transactions With All Named Sellers		
(3) Total of All Other Sales of Investments and Fixed Assets		
(4) Total		
	(5) Less Reinvestments	
	(6) Net Purchases	

Form LM- 2 (Revised 2008)

DETAILED SUMMARY PAGE – RECEIPT SCHEDULES 14 – 23

Complete Schedules 14 Through 23 Before Completing Statement B

FILE NUMBER: 000-000

SCHEDULE 14 Dues and Agency Fees	1. Named Payer Itemized Receipts		
	2. Named Payer Non-itemized Receipts		
	3. All Other Receipts		
	4. **Total Receipts** *(add Lines 1 through 3)*		ITEM 36
SCHEDULE 15 Per Capita Tax	1. Named Payer Itemized Receipts		
	2. Named Payer Non-itemized Receipts		
	3. All Other Receipts		
	4. **Total Receipts** *(add Lines 1 through 3)*		ITEM 37
SCHEDULE 16 Fees, Fines, Permits	1. Named Payer Itemized Receipts		
	2. Named Payer Non-itemized Receipts		
	3. All Other Receipts		
	4. **Total Receipts** *(add Lines 1 through 3)*		ITEM 38
SCHEDULE 17 Sales of Supplies	1. Named Payer Itemized Receipts		
	2. Named Payer Non-itemized Receipts		
	3. All Other Receipts		
	4. **Total Receipts** *(add Lines 1 through 3)*		ITEM 39
SCHEDULE 18 Interest	1. Named Payer Itemized Receipts		
	2. Named Payer Non-itemized Receipts		
	3. All Other Receipts		
	4. **Total Receipts** *(add Lines 1 through 3)*		ITEM 40

SCHEDULE 19 Dividends	1. Named Payer Itemized Receipts		
	2. Named Payer Non-itemized Receipts		
	3. All Other Receipts		
	4. **Total Receipts** *(add Lines 1 through 3)*		ITEM 41
SCHEDULE 20 Rents	1. Named Payer Itemized Receipts		
	2. Named Payer Non-itemized Receipts		
	3. All Other Receipts		
	4. **Total Receipts** *(add Lines 1 through 3)*		ITEM 42
SCHEDULE 21 Behalf of Affiliates	1. Named Payer Itemized Receipts		
	2. Named Payer Non-itemized Receipts		
	3. All Other Receipts		
	4. **Total Receipts** *(add Lines 1 through 3)*		ITEM 46
SCHEDULE 22 Members Behalf	1. Named Payer Itemized Receipts		
	2. Named Payer Non-itemized Receipts		
	3. All Other Receipts		
	4. **Total Receipts** *(add Lines 1 through 3)*		ITEM 47
SCHEDULE 23 Other Receipts	1. Named Payer Itemized Receipts		
	2. Named Payer Non-itemized Receipts		
	3. All Other Receipts		
	4. **Total Receipts** *(add Lines 1 through 3)*		ITEM 48

Form LM- 2 (Revised 2008)

DETAILED SUMMARY PAGE – DISBURSEMENTS SCHEDULES 24 – 28

Complete Schedules 24 Through 28 Before Completing Statement B

FILE NUMBER: 000-000

SCHEDULE 24	1. Named Payee Itemized Disbursements		
	2. Named Payee Non-itemized Disbursements		
	3. To Officers		
	4. To Employees		
	5. All Other Disbursements		
Representational Activities	6. **Total Disbursements** (*add lines 1 through 5*)		Item 50

SCHEDULE 25	1. Named Payee Itemized Disbursements		
	2. Named Payee Non-itemized Disbursements		
	3. To Officers		
	4. To Employees		
	5. All Other Disbursements		
Political Activities and Lobbying	6. **Total Disbursements** (*add lines 1 through 5*)		Item 51

SCHEDULE 26	1. Named Payee Itemized Disbursements		
	2. Named Payee Non-itemized Disbursements		
	3. To Officers		
	4. To Employees		
	5. All Other Disbursements		
Contributions, Gifts, and Grants	6. **Total Disbursements** (*add lines 1 through 5*)		Item 52

SCHEDULE 27	1. Named Payee Itemized Disbursements		
	2. Named Payee Non-itemized Disbursements		
	3. To Officers		
	4. To Employees		
	5. All Other Disbursements		
General Overhead	6. **Total Disbursements** (*add lines 1 through 5*)		Item 53

SCHEDULE 28	1. Named Payee Itemized Disbursements		
	2. Named Payee Non-itemized Disbursements		
	3. To Officers		
	4. To Employees		
	5. All Other Disbursements		
Union Administration	6. **Total Disbursements** (*add lines 1 through 5*)		Item 54

Form LM- 2 (Revised 2008)

SCHEDULE 1 – ACCOUNTS RECEIVABLE AGING SCHEDULE

FILE NUMBER: 000-000

Entity or Individual Name (A)	Total Account Receivable (B)	90-180 Days Past Due (C)	180+ Days Past Due (D)	Liquidated Account Receivable (E)
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25. Totals from Continuation pages (if any)				
26. Totals of Lines 1 through 25				
27. Totals from all other accounts receivable				
28. Totals of Lines 26 and 27 (Total from Line 28, Column (B) will be automatically entered in Item 23, Column (B).)				

Form LM- 2 (Revised 2008)

SCHEDULE 2 – LOANS RECEIVABLE

FILE NUMBER: 000-000

List below loans to officers, employees, or members which at any time during the reporting period exceeded $250 and list all loans to business enterprises regardless of amount. (A)	Loans Outstanding at Start of Period (B)	Loans Made During Period (C)	Repayments Received During Period		Loans Outstanding at End of Period (E)
			Cash (D)(1)	Other Than Cash (D)(2)	
1. Name- Purpose- Security: Terms of Repayment-					
2. Name- Purpose: Security- Terms of Repayment-					
3. Name- Purpose: Security: Terms of Repayment-					
4. Totals from Continuation pages (if any)	$	$0			
5. Totals of loans not listed above					
6. Totals of Lines 1 through 5	$	$0			

The Totals from Line 6 will be automatically entered in ..... Item 24 Column (A) ..... Item 61 ..... Item 45 ..... Item 69 with Explanation ..... Item 24 Column (B)

Form LM- 2 (Revised 2008)

SCHEDULE 3 – SALE OF INVESTMENTS AND FIXED ASSETS

FILE NUMBER: 000-000

Complete Itemization Pages BEFORE the Detailed Summary Page

Name and Address (A)	Description (if land or building give location) (B)	Date (C)	Cost (D)	Book Value (E)	Gross Sales Price (F)	Amount Received (G)
	(H) Total of Transactions Listed Above					
	(I) Total of All Transactions from Continuation Pages with this Purchaser					
	(J) Total of All Itemized Transactions with this Purchaser (Sum of (H) and (I))					
	(K) Total of All Non-Itemized Transactions with this Purchaser					
	(L) Total of All Transactions with This Purchaser for this Schedule (Sum of (J) and (K))					

Form LM- 2 (Revised 2008)

SCHEDULE 4 – PURCHASE OF INVESTMENTS AND FIXED ASSETS

FILE NUMBER: 000-000

Complete Itemization Pages BEFORE the Detailed Summary Page

Name and Address (A)	Description (if land or building give location) (B)	Date (C)	Cost (D)	Book Value (E)	Amount Paid (F)
	(G) Total of Transactions Listed Above				
	(H) Total of All Transactions from Continuation Pages with this Seller				
	(I) Total of All Itemized Transactions with this Seller (Sum of (G) and (H))				
	(J) Total of All Non-Itemized Transactions with this Seller				
	(K) Total of All Transactions with this Seller for this Schedule (Sum of (I) and (J))				

Form LM- 2 (Revised 2008)

SCHEDULE 5 – INVESTMENTS

FILE NUMBER: 000-000

Description (A)	Amount (B)
Marketable Securities	
1. Total Cost	
2. Total Book Value	
3. List each marketable security which has a book value over $5,000 and exceeds 5% of Line 2.	
(a)	
(b)	
(c)	
(d) Total from Continuation pages (if any)	
Other Investments	
4. Total Cost	
5. Total Book Value	
6. List each other investment which has a book value over $5,000 and exceeds 5% of Line 5. Also, list each Trust which is an investment.	
(a)	
(b)	
(c)	
(d)	
(e) Total from Continuation pages (if any)	
7. Total of Lines 2 and 5 (The total from Line 7 will be automatically entered in Item 26, Column (B).)	

Form LM- 2 (Revised 2008)

SCHEDULE 6 - FIXED ASSETS

FILE NUMBER: 000-000

Description (A)	Cost or Other Basis (B)	Total Depreciation or Amount Expensed (C)	Book Value (D)	Value (E)
1. Land (give location)				
2. Totals from Continuation pages (if any)				
3. Buildings (give location)				
4. Totals from Continuation pages (if any)				
5. Automobiles and Other Vehicles				
6. Office Furniture and Equipment				
7. Other Fixed Assets				
8. Totals of Lines 1 through 7 (The total from Line 8, Column (D) will be automatically entered in Item 27, Column (B).)				

Form LM- 2 (Revised 2008)

SCHEDULE 7 – OTHER ASSETS

FILE NUMBER: 000-000

Description (A)	Book Value (B)
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14. Total from Continuation pages (if any)	
15. Total of Lines 1 through 14 (The total from Line 15 will be automatically entered in Item 28, Column (B).)	

Form LM- 2 (Revised 2008)

SCHEDULE 8 – ACCOUNTS PAYABLE AGING SCHEDULE

FILE NUMBER: 000-000

Entity or Individual Name (A)	Total Account Payable (B)	90-180 Days Past Due (C)	180+ Days Past Due (D)	Liquidated Account Payable (E)
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23.				
24.				
25. Totals from Continuation pages (if any)				
26. Totals of Lines 1 through 25				
27. Totals from all other accounts payable				
28. Totals of Lines 26 and 27 (Line 28, Column (B) will be automatically entered in Item 30, Column (D).)				

Form LM- 2 (Revised 2008)

SCHEDULE 9 – LOANS PAYABLE

FILE NUMBER: 000-000

Source of Loans Payable at Any Time During the Reporting Period (A)	Loans Owed at Start of Period (B)	Loans Obtained During Period (C)	Repayment Made During Period		Loans Owed at End of Period (E)
			Cash (D)(1)	Other Than Cash (D)(2)	
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12. Totals from Continuation pages (if any)					
13. Totals of Lines 1 through 12					

The totals from Line 13 will be automatically entered in ..... Item 31 Column (C) ..... Item 44 ..... Item 62 ..... Item 69 with Explanation ..... Item 31 Column (D)

Form LM- 2 (Revised 2008)

SCHEDULE 10 - OTHER LIABILITIES

FILE NUMBER: 000-106

Description (A)	Amount at End of Period (B)
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13. Total from Continuation pages (if any)	
14. Total of Lines 1 through 13 (The total from Line 14 will be automatically entered in Item 33, Column (D).)	

SCHEDULE 11 - ALL OFFICERS AND DISBURSEMENTS TO OFFICERS

FILE NUMBER: 000-000

	(A)* Name	(B)* Title	(C)* Status	Gross Salary Disbursements (before any deductions) (D)	Allowances Disbursed (E)	Benefits (F)	Disbursements for Official Business (G)	Other Disbursements not Reported in (D) through (G) (H)	Total (I)
1	A*								
	B*								
	C*								
	J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
2	A*								
	B*								
	C*								
	J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
3	A*								
	B*								
	C*								
	J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
4	A*								
	B*								
	C*								
	J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
5	A*								
	B*								
	C*								
	J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
6. Totals from continuation pages (if any)									
7. Total of Lines 1-6									
8. Less deductions									
9. Net disbursements									

*(A) Enter the full name in the following format: Last Name, First Name, Middle Initial. List all persons who held office during the reporting period even if they received no salary or other disbursements. *(B) Enter officer title, e.g., PRESIDENT or TREASURER. *(C) Code for Status: past officer - P; continuing officer - C; new officer during reporting period - N. (If any officer was not elected at a regular election in accordance with the labor organization's constitution and bylaws, explain in Item 69.) *(J) Enter the PERCENTAGE (A%) of time officer worked on activities covered in the corresponding Schedules 24-28.

Form LM- 2 (Revised 2008)

SCHEDULE 12 - DISBURSEMENTS TO EMPLOYEES

FILE NUMBER: 000-000

(A) Name	(B) Title	(C) Other Payer	(D) Gross Salary Disbursements (before any deductions)	(E) Allowances Disbursed	(F) Benefits	(G) Disbursements for Official Business	(H) Other Disbursements not Reported in (D) through (G)	(I) Total
1 A*								
B*								
C*								
J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
2 A*								
B*								
C*								
J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
3 A*								
B*								
C*								
J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
4 A*								
B*								
C*								
J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
5 A*								
B*								
C*								
J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
6 A*	ALL OTHER EMPLOYEES							
J*			Schedule 24 Representational Activities ___%	Schedule 25 Political Activities and Lobbying ___%		Schedule 26 Contributions ___%	Schedule 27 General Overhead ___%	Schedule 28 Union Administration ___%
7. Totals from continuation pages (if any)								
8. Total of Lines 1-6								
9. Less deductions								
10. Net disbursements								

Form LM- 2 (Revised 2008)

SCHEDULE 13 – MEMBERSHIP STATUS

FILE NUMBER: 000-000

Category of Membership (A)	Number (B)	Voting Eligibility (C)
1.		Yes ☐
2.		Yes ☐
3.		Yes ☐
4.		Yes ☐
5.		Yes ☐
6.		Yes ☐
7. Total from Continuation page(s)		
8. Members (Total of Lines 1 through 7)		
9. Agency Fee Payers*		
1 0. Total Members/Fee Payers (Total of Lines 8 and 9)		

*Agency Fee Payers are not considered members of the labor organization.

Form LM- 2 (Revised 2008)

FILE NUMBER: 000-000

ITEMIZATION PAGE FOR RECEIPTS/DISBURSEMENT SCHEDULES 14 -28

Complete Itemization Pages BEFORE the Detailed Summary Page

Name and Address (A)	Purpose (C)	Date (D)	Amount (E)
(B) Type or Classification			
	(F) Total of Transactions Listed Above		
	(G) Total of All Transactions from Continuation pages with this Payee/Payer		
	(H) Total of All Itemized Transactions with this Payee/Payer (Sum of (F) and (G))		
	(I) Total of All Non-Itemized Transactions with this Payee/Payer		
	(J) Total of All Transactions with This Payee/Payer for This Schedule (Sum of (H) and (I))		

Form LM- 2 (Revised 2008)

SCHEDULE 29 – BENEFITS

FILE NUMBER: 000-000

Description (A)	To Whom Paid (B)	Amount (C)
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
22. Total of Continuation pages (if any)		
23. Total of Lines 1 through 22 (The total from Line 23 will be automatically entered in Item 55.)		

Form LM- 2 (Revised 2008)

FILE NUMBER: 000-000

69. ADDITIONAL INFORMATION SUMMARY

Form LM- 2 (Revised 2008)

Public reporting burden for this collection of information is estimated to average 682.09 hours per response in the first year and 547.14 hours per response in the second and third years. This includes the time for reviewing instructions, searching existing data sources, gathering and maintaining data needed, and completing and reviewing the collection of information. Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number. Reporting of this information is mandatory and is required by the Labor-Management Reporting and Disclosure Act of 1959, as amended, for the purpose of public disclosure. As this is public information, there are no assurances of confidentiality. If you have any comments regarding this estimate or any other aspect of this information collection, including suggestions for reducing this burden, please send them to the U.S. Department of Labor, Employment Standards Administration, Office of Labor-Management Standards, Division of Interpretations and Standards, Room N-5609, 200 Constitution Avenue, NW, Washington, DC 20210.

INSTRUCTIONS FOR ELECTRONIC FORM LM-2 LABOR ORGANIZATION ANNUAL REPORT

GENERAL INSTRUCTIONS

I. WHO MUST FILE

Every labor organization subject to the Labor-Management Reporting and Disclosure Act, as amended (LMRDA), the Civil Service Reform Act (CSRA), or the Foreign Service Act (FSA) must file a financial report, Form LM-2, LM-3, or LM-4, each year with the Office of Labor-Management Standards (OLMS) of the U.S. Department of Labor's (Department) Employment Standards Administration. These laws cover labor organizations that represent employees who work in private industry, employees of the U.S. Postal Service, and most Federal government employees. Labor organizations that represent only state, county, or municipal government employees are not covered by these laws and, therefore, are not required to file, except that any "conference, general committee, joint or system board, or joint council" that is subordinate to a national or international labor organization is a labor organization under the LMRDA and is required to file a financial report if the national or international labor organization is a labor organization engaged in an industry affecting commerce within the meaning of section 3(j) of the LMRDA. If you have a question about whether the labor organization is required to file, contact the nearest OLMS field office listed at the end of these instructions.

II. WHAT FORM TO FILE

Every labor organization subject to the LMRDA, CSRA, or FSA with total annual receipts of $250,000 or more must file Form LM-2. The term "total annual receipts" means all financial receipts of the labor organization during its fiscal year, regardless of the source, including receipts of any special funds as described in Section VIII (Funds To Be Reported) of these instructions. Receipts of a trust in which the labor organization is interested should not be included in the total annual receipts of the labor organization when determining which form to file unless the trust is wholly owned, wholly controlled, and wholly financed by the labor organization.

A labor organization with total annual receipts of less than $250,000 may file the simplified annual report Form LM-3, if its privilege to file the Form LM-3 has not been revoked by order of the Secretary of Labor or it is not in trusteeship as defined in Section IX (Labor Organizations In Trusteeship) of these instructions. Labor organizations with total annual receipts of less than $10,000 may file the abbreviated annual report Form LM-4, if not in trusteeship.

NOTE: Certain labor organizations are required to file Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service (IRS). The IRS has accepted a copy of the labor organization's Form LM-2 in the past to provide some of the information required by Form 990. See the instructions for the current Form 990 for details. Filing Form LM-2 with the IRS does not satisfy the labor organization's reporting requirement with the U.S. Department of Labor.

III. When to File

Form LM-2 must be filed within 90 days after the end of the labor organization's fiscal year (12-month reporting period). The law does not authorize the Department to grant an extension of time for filing reports. The penalties for delinquency are described in Section VI (Officer Responsibilities and Penalties) of these instructions.

If the labor organization went out of existence during its fiscal year, a terminal financial report must be filed within 30 days after the date it ceased to exist. See Section XII (Labor Organizations That Have Ceased to Exist) of these instructions for information on filing a terminal financial report.

IV. How to File

Form LM-2, and Form T-1 Trust Annual Report as described in Section X (Trusts in Which a Labor Organization is Interested) of these instructions, must be submitted electronically to the Department. A Form LM-2 and T-1 filer will be able to file a report in paper format only if it asserts a temporary hardship exemption or applies for and is granted a continuing hardship exemption. Forms LM-3 and LM-4 may be prepared and submitted electronically but it is not required. A labor organization whose privilege to file a Form LM-3 has been revoked by order of the Secretary may submit the Form LM-2 in paper format.

HARDSHIP EXEMPTIONS

A labor organization that must file Form LM-2 or T-1 may assert a temporary hardship exemption or apply for a continuing hardship exemption to prepare and submit the report in paper format. If a labor organization files both Form LM-2 and Form T-1, the exemption must be separately asserted for each report, although in appropriate circumstances the same reasons may be used to support both exemptions. If it is possible to file Form LM-2, or one or more Form T-1s electronically, no exemption should be claimed for those reports, even though an exemption is warranted for a related report.

TEMPORARY HARDSHIP EXEMPTION:

If a labor organization experiences unanticipated technical difficulties that prevent the timely preparation and submission of an electronic filing, the organization may file Form LM-2 or T-1 in paper format by the required due date. An electronic format copy of the filed paper format document shall be submitted to the Department within ten business days after the required due date. Indicate in Item 3 (Amended, Hardship Exempted, or Terminal Report) that the labor organization is filing under the hardship exemption procedures. Unanticipated technical difficulties that may result in additional delays should be brought to the attention of the OLMS Division of Interpretations and Standards, which can be reached at the address below, by email at OLMS-Public@dol.gov, by phone at 202-693-0123, or by fax at 202-693-1340.

Note: If either the paper filing or the electronic filing is not received in the timeframe specified above, the report will be considered delinquent.

CONTINUING HARDSHIP EXEMPTION:

(a) A labor organization may apply in writing for a continuing hardship exemption if Form LM-2 or T-1 cannot be

filed electronically without undue burden or expense. Such written application shall be received at least 30 days prior to the required due date of the report(s). The written application shall contain the information set forth in paragraph (b). The application must be mailed to the following address:

U.S. Department of Labor
Employment Standards Administration
Office of Labor-Management Standards
200 Constitution Avenue, NW
Room N-5609
Washington, DC 20210-0001

Questions regarding the application should be directed to the OLMS Division of Interpretations and Standards, which can be reached at the above address, by e-mail at OLMS-Public@dol.gov, by phone at 202-693-0123, or by fax at 202-693-1340.

(b) The request for the continuing hardship exemption shall include, but not be limited to, the following: (1) the justification for the requested time period of the exemption; (2) the burden and expense that the labor organization would incur if it was required to make an electronic submission; and (3) the reasons for not submitting the report(s) electronically. The applicant must specify a time period not to exceed one year.

(c) The continuing hardship exemption shall not be deemed granted until the Department notifies the applicant in writing. If the Department denies the application for an exemption, the labor organization shall file the report(s) in electronic format by the required due date. If the Department determines that the grant of the exemption is appropriate and consistent with the public interest and the protection of union members and so notifies the applicant, the labor organization shall follow the procedures set forth in paragraph (d).

(d) If the request is granted, the labor organization shall submit the report(s) in paper format by the required due date. The filer may be required to submit Form LM-2 or T-1 in electronic format upon the expiration of the period for which the exemption is granted. Indicate in Item 3 (Amended, Hardship Exempted, or Terminal Report) that the labor organization is filing under the hardship exemption procedures.
Note: If either the paper filing or the electronic filing is not received in the timeframe specified above, the report will be considered delinquent.

V. Public Disclosure

The LMRDA requires that the Department make labor organization financial reports available for inspection by the public. Reports may be viewed and downloaded from the OLMS Web site at http://www.unionreports.gov. Copies of reports and union constitutions and bylaws can also be ordered at the same Web site. Reports may also be examined and copies purchased at the OLMS Public Disclosure Room at the following address:

U.S. Department of Labor
Employment Standards Administration
Office of Labor-Management Standards
200 Constitution Avenue, NW
Room N-1519
Washington, DC 20210-0001

VI. Officer Responsibilities and Penalties

The president and treasurer or the corresponding principal officers of the labor organization required to sign Form LM-2 are personally responsible for its filing and accuracy. Under the LMRDA, officers are subject to criminal penalties for willful failure to file a required report and for false reporting. False reporting includes making any false statement or misrepresentation of a material fact while knowing it to be false, or for knowingly failing to disclose a material fact in a required report or in the information required to be contained in it or in any

information required to be submitted with it.

The reporting labor organization and the officers required to sign Form LM-2 are also subject to civil prosecution for violations of the filing requirements. Section 210 of the LMRDA (29 U.S.C. 440) provides that "whenever it shall appear that any person has violated or is about to violate any of the provisions of this title, the Secretary may bring a civil action for such relief (including injunctions) as may be appropriate."

Under the CSRA and FSA and implementing regulations, false reporting and failure to report may result in administrative enforcement action and litigation. The officers responsible for signing Form LM-2 are also subject to criminal penalties for false reporting and perjury under Sections 1001 of Title 18 and 1746 of Title 28 of the United States Code.

VII. Recordkeeping

The officers required to file Form LM-2 are responsible for maintaining records that will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report. The 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, applicable resolutions, and any electronic documents, including recordkeeping software, used to complete, read, and file the report.

VIII. Funds To Be Reported

The labor organization must report financial information on Form LM-2 for all funds of the labor organization. Include any special purpose funds or accounts, such as strike funds, vacation funds, and scholarship funds even if they are not part of the labor organization's general treasury.

The labor organization is required to report information about trusts in which it is interested on the Form T-1. See Section X (Trusts In Which A Labor Organization Is Interested).

SPECIAL INSTRUCTIONS FOR CERTAIN ORGANIZATIONS

IX. Labor Organizations in Trusteeship

Any labor organization that has placed a subordinate labor organization in trusteeship is responsible for filing the subordinate's annual financial report. A trusteeship is defined in section 3(h) of the LMRDA (29 U.S.C. 402) 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."

Annual financial reports filed for any labor organization in trusteeship must be filed on Form LM-2. The report must be signed by the president and treasurer or corresponding principal officers of the labor organization that imposed the trusteeship. The trustees of the subordinate labor organization must also sign and date Form LM-2. To do so, click on the "Add Signature Block" button on page 1 to open a signature page near the end of the form.

X. Trusts In Which A Labor Organization Is Interested

The labor organization must disclose assets, liabilities, receipts, and disbursements of a trust in which the labor organization is interested if the labor organization, alone or in combination with other labor organizations, either (1) appoints or selects a majority of the

members of the trust's governing board or (2) contributes to the trust greater than 50% of the trust's revenues during the one-year reporting period. Any contributions to the trust on behalf of either the labor organization's members or the labor organization itself shall be considered the labor organization's contribution for this purpose.

A trust in which a labor organization is interested is defined in Section 3(l) of the LMRDA (29 U.S.C. 402(l)) as

> ...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 or appointed by a labor organization, and (2) a primary purpose of which is to provide benefits for the members of such labor organization or their beneficiaries.

The definition of a trust in which a labor organization is interested may include, but is not limited to, joint funds administered by a union and an employer pursuant to a collective bargaining agreement, educational or training institutions, banks or credit unions created for the benefit of union members, and redevelopment or investment groups established by the union for the benefit of its members. The determination whether a particular entity is a trust in which a labor organization is interested must be based on the facts in each case.

No Form T-1 should be filed for any labor organization that already files a Form LM-2, LM-3, or LM-4, nor should a report be filed for any entity that is expressly exempted from reporting under the LMRDA. No report need be filed for a trust established as a Political Action Committee (PAC) if timely, complete, and publicly available reports on the PAC are filed with a Federal or state agency, or for a trust established as a political organization under 26 U.S.C. 527 if timely, complete, and publicly available reports are filed with the Internal Revenue Service.

A labor organization may complete only Items 1 through 15 and Items 26-27 (Signatures) of Form T-1 if annual audits prepared according to standards set forth in the Form T-1 instructions are freely available on demand under § 302(c)(5)(B) of the Labor Management Relations Act, 1947 (LMRA), 29 U.S.C. 186(c)(5)(B), and a copy of the audit is filed with the Form T-1.

Form T-1, or a qualifying audit, must be filed within 90 days after the end of the union's fiscal year. If the trust's fiscal year is not the same as the labor organization's fiscal year, state when the trust's fiscal year ends in Item 69 as required by the instructions for Item 10. See Instructions for Form T-1, Trust Annual Report.

Questions regarding these reporting requirements should be directed to the OLMS Division of Interpretations and Standards, which can be reached at the above address, by email at OLMS-Public@dol.gov, by phone at 202-693-0123 or by fax at 202-693-1340. The Department will publish additional information giving further practical guidance on the reporting requirements for trusts on the OLMS Web site at http://www.olms.dol.gov.

Examples of a trust in which a labor organization is interested may include, but are not limited to, the following entities:

Example A: The Building Corporation – A labor organization creates a corporation which owns the building where the union has its offices. The building corporation must be reported as a trust in which the labor organization is interested.

Example B: The Redevelopment Corporation – A labor organization creates an entity named the Redevelopment Corporation, or appoints one or more of

the members of the governing board of the Corporation, which is established primarily to enable members of the labor organization to obtain low cost housing constructed with Federal Housing and Urban Development (HUD) grants. The Redevelopment Corporation must be reported as a trust in which it is interested. A labor organization that neither participated in the creation of the Corporation, nor appointed members of its governing board, but loaned money to the Corporation to use as matching money for HUD grants need not report the Corporation as a trust in which it is interested.

Example C: The Educational Institute – Five reporting labor organizations form the Educational Institute to provide educational services primarily for the benefit of their members. Similar services are also provided to the general public. Each labor organization contributes funds to start the Educational Institute, which will then offer various educational programs that will generate revenue. Each labor organization that participated in forming the Institute, or that appoints a member to its governing body, must report the Educational Institute as a trust in which it is interested.

Example D: The Bank – A reporting labor organization forms a bank that is chartered and licensed under federal and state laws, or selects a member of the board of directors of a bank that is already in existence, for the purpose of ensuring that banking services are available to members at reasonable cost, or as an investment for the purpose of increasing funds available for union activities for the benefit of union members. Any labor organization that participated in forming the bank, or that appoints a member to the bank's board of directors, must report the bank as a trust in which it has an interest.

Example E: Joint Funds – A reporting labor organization that forms a "joint fund" with a large national manufacturer to offer a variety of training and jobs skills programs for members of the labor organization, or appoints a member to the governing body of such a fund, must report the joint fund as a trust in which the labor organization has an interest.

Example F: Job Targeting Fund – A reporting labor organization creates an entity for the purpose of making targeted disbursements to increase employment opportunities for its members. The fund must be reported as a trust in which the labor organization is interested.

XI. Completing Form LM-2

INTRODUCTION

Upon opening the Form LM-2, a Document Status dialog box displays to briefly explain the special features of this document. Click on the "close" button to proceed.

Items 1, 2, and 4-7 are "pre-filled" items. These fields were filled in by the software based on information you entered when you accessed and downloaded the form from our Web site. You cannot edit these fields.

Most pages have a "Perform Calculations" button to total and transfer data to fields in various parts of the form. You may click on one or more of these buttons as you fill out the form at any time.

Be sure to click on the "Validate Form" button after you have completed the form but before you sign it. This action will generate an "Errors Page" listing any errors that must be corrected before you sign the form.

INFORMATION ITEMS 1–21

Answer Items 1 through 21 as instructed. Select the appropriate box for those questions requiring a "Yes" or "No" answer; do not leave both boxes blank. Enter a single "0" in the boxes for items requiring a number or dollar amount if there is nothing to report.

1. FILE NUMBER — The software will enter the labor organization's 6-digit file number here and at the top of each page of Form LM-2. This is the number you entered when you downloaded Form LM-2. If the number is incorrect, you must download another copy of the form using the correct number. If the labor organization does not have the number on file and cannot obtain the number from prior reports filed with the Department, the number can be obtained from the OLMS Web site at http://www.unionreports.gov, or by contacting the nearest OLMS field office listed at the end of these instructions.

2. PERIOD COVERED — The software will enter the beginning and ending dates of the period covered by this report. These are the dates you entered when you downloaded Form LM-2. If the dates are incorrect, you must download another form using the correct dates.

If the labor organization changed its fiscal year, the ending date in Item 2 should be the labor organization's new fiscal year ending date and the labor organization should indicate in Item 69 (Additional Information) that the report is for a period of less than 12 months because its fiscal year has changed. For example, if the labor organization's fiscal year ending date changes from June 30 to December 31, a report must be filed for the partial year from July 1 to December 31. Thereafter, the labor organization's annual report should cover a full 12-month period from January 1 to December 31.

3. AMENDED, HARDSHIP EXEMPTED, OR TERMINAL REPORT — Do not complete this item unless this report is an amended, hardship exempted, or terminal report. Select Item 3(a) if the labor organization is filing an amended report correcting a previously filed report. Select Item 3(b) if the labor organization is filing under the hardship exemption procedures defined in Section IV. Select Item 3(c) if the labor organization has gone out of business by disbanding, merging into another labor organization, or being merged and consolidated with one or more labor organizations to form a new labor organization, and this is the labor organization's terminal report. Be sure the date the labor organization ceased to exist is entered in Item 2 (Period Covered) after the word "Through." See Section XII (Labor Organizations That Have Ceased to Exist) of these instructions for more information on filing a terminal report.

4. AFFILIATION OR ORGANIZATION NAME — The software will access this information from the OLMS database and enter the name of the national or international labor organization or if the labor organization is a subordinate entity of such organization the name of the national or international labor organization, that granted the labor organization a charter. "Affiliates," within the meaning of these instructions, are labor organizations chartered by the same parent body, governed by the same constitution and bylaws, or having the relationship of parent and subordinate. For example, a parent body is an affiliate of all of its subordinate bodies, and all subordinate bodies of the same parent body are affiliates of each other.

If the labor organization has not reported such an affiliation, the software will enter the name of the labor organization as currently identified in the labor organization's constitution and bylaws or other organizational documents.

This item cannot be edited. If the labor organization needs to change this information or Item 5, 6, or 7, contact the OLMS Division of Reports, Disclosure, and Audits by telephone at 202-693-0124, by e-mail at OLMS-Public@dol.gov, or by fax at 202-693-1345. Indicate that the subject of the inquiry is the pre-filled identifying information.

5. DESIGNATION — The software will enter the specific designation that is used to identify the labor organization, such as

Local, Lodge, Branch, Joint Board, Joint Council, District Council, etc. This field cannot be edited.

6. DESIGNATION NUMBER — The software will enter the number or other identifier, if any, by which the labor organization is known. This field cannot be edited.

7. UNIT NAME — The software will enter any additional or alternate name by which the labor organization is known, such as "Chicago Area Local." This field cannot be edited.

8. MAILING ADDRESS — The software will enter the current address where mail is most likely to reach the labor organization as quickly as possible. The first and last name of the person, if any, to whom such mail should be sent and any building and room number should be included. These fields are pre-filled from the OLMS database but can be edited by the filer.

9. PLACE WHERE RECORDS ARE KEPT — If the records required to be kept by the labor organization to verify this report are kept at the address reported in Item 8 (Mailing Address), answer "Yes." If not, answer "No" and provide in Item 69 (Additional Information) the address where the labor organization's records are kept.

10. TRUSTS OR FUNDS — Answer "Yes" to Item 10, if the labor organization has an interest in a trust as defined in 29 U.S.C. 402(l) (see Section X of these Instructions). Provide in Item 69 (Additional Information) the full name, address, and purpose of each trust. Also include in Item 69 the fiscal year ending date for any trust for which a Form T-1 is filed if the trust's fiscal year is different from that of the labor organization. If no Form T-1 is filed because a trust established as a Political Action Committee (PAC) or a political organization under 26 U.S.C. 527, has filed timely, complete, and publicly available reports have been filed with appropriate Federal or state agencies list the name of the government agency where the reports have been filed, such as the Internal Revenue Service (IRS), the relevant file number of the trust, or otherwise indicate where the relevant report may be viewed. See Instructions for Form T-1, Trust Annual Report, for guidance on reporting the assets, liabilities, receipts, disbursements, and other information about these entities.

11. POLITICAL ACTION COMMITTEE FUNDS — If the labor organization answered "Yes" to Item 11, provide in Item 69 (Additional Information) the full name of each separate PAC and list the name of any government agency, such as the Federal Election Commission or a state agency, with which the PAC has filed a publicly available report, and the relevant file number of the PAC. (PAC funds kept separate from the labor organization's treasury need not be included in the labor organization's Form LM-2 if publicly available reports on the PAC funds are filed with a Federal or state agency.)

12. AUDIT OR REVIEW OF BOOKS AND RECORDS — If the labor organization answered "Yes" to Item 12, indicate in Item 69 (Additional Information) whether the audit or review was performed by an outside accountant or a parent body auditor/representative. If an outside accountant performed the audit or review, provide the name of the accountant or accounting firm. Report any audit or review by an outside accountant or a parent body auditor/representative in which the labor organization's books and records were examined to verify their accuracy and validity. The term "audit or review" does not include providing assistance in developing a bookkeeping system, providing routine bookkeeping services, or merely compiling information from the labor organization's books and records to prepare Form LM-2 or other financial reports. Also, do not answer "Yes" to Item 12 if an audit committee or trustees of the labor organization

performed the audit or review.

13. LOSSES OR SHORTAGES — Answer "Yes" to Item 13 if the labor organization experienced a loss, shortage, or other discrepancy in its finances during the period covered. Describe the loss or shortage in detail in Item 69 (Additional Information), including such information as the amount of the loss or shortage of funds or a description of the property that was lost, how it was lost, and to what extent, if any, there has been an agreement to make restitution or any recovery by means of repayment, fidelity bond, insurance, or other means.

14. FIDELITY BOND — Enter the maximum amount recoverable for a loss caused by any officer, employee, or agent of the labor organization who handled the labor organization's funds. Enter "0" if the labor organization was not covered by a fidelity bond during the reporting period.

NOTE: If a labor organization has property and annual financial receipts that totaled $5,000 or more, each of the labor organization's officers, employees, and agents who handles funds or other property of the labor organization must be bonded. The amount of the bond must be at least 10% of the value of the funds handled by the individual during the last reporting period, up to a maximum bond of $500,000. The bond must be obtained from a surety company approved by the Secretary of the Treasury. If you have any questions or need more information about bonding requirements, contact the nearest OLMS field office listed at the end of these instructions.

15. ACQUISITION OR DISPOSITION OF ASSETS — If the labor organization answered "Yes" to Item 15, describe in Item 69 (Additional Information) the manner in which the labor organization acquired or disposed of the asset(s), such as donating office furniture or equipment to charitable organizations, trading in assets, writing off a receivable, or giving away other tangible or intangible property of the labor organization. Include the type of asset, its value, and the identity of the recipient or donor, if any. Also report in Item 69 the cost or other basis at which any acquired assets were entered on the labor organization's books or the cost or other basis at which any assets disposed of were carried on the labor organization's books. For example, assets may be entered on the labor organization's books at cost and carried at that value; carried at cost less accumulated depreciation; or carried at scrap value or other nominal value because the assets were fully depreciated or were expensed when purchased (that is, the cost was charged to current expenses rather than entered on the books and periodically depreciated).

For assets that were traded in, enter in Item 69 the cost, book value, and trade-in allowance.

16. PLEDGED OR ENCUMBERED ASSETS — If the labor organization answered "Yes" to Item 16, identify in Item 69 (Additional Information) all of the labor organization's assets pledged or encumbered in any way (such as those pledged as collateral for a loan) at the end of the reporting period. Also report in Item 69 their fair market value, and provide details of transactions related to the encumbrance.

17. CONTINGENT LIABILITIES — If the labor organization answered "Yes" to Item 17, describe in Item 69 (Additional Information) the transactions or events resulting in the contingent liabilities and include the identity of the claimant or creditor. Contingent liabilities are potential obligations that may or may not develop into actual liabilities in the future. Examples of a contingent liability are a loan co-signed by the labor organization, or a pending lawsuit that could result in the labor organization being ordered to pay damages or make other payments.

A pending administrative or judicial action is considered a contingent liability that

must be reported in Item 17 if, in the opinion of legal counsel, it is reasonably possible that the labor organization will be required to make some payment. Such administrative or judicial actions must be reported as contingent liabilities regardless of whether or not the possible losses would have a materially adverse effect on the labor organization's financial condition. List in Item 69 each administrative or judicial action, including the case number, court, and caption.

18. CHANGES IN CONSTITUTION AND BYLAWS OR PRACTICES AND PROCEDURES — If the labor organization answered "Yes" to Item 18 because the labor organization's constitution and bylaws were changed during the reporting period (other than rates of dues and fees), a dated copy of the new constitution and bylaws must be submitted to OLMS as an electronic attachment to the Form LM-2.

If the labor organization is governed by a uniform or model constitution and bylaws prescribed by the labor organization's parent national or international body, the labor organization's parent body may file the constitution and bylaws on the labor organization's behalf. If the parent body files a constitution and bylaws on the labor organization's behalf, answer "Yes" to Item 18 and state that fact in Item 69 (Additional Information). If the labor organization has any supplemental governing documents or has modified a model constitution and bylaws, the labor organization must file these documents.

If the labor organization answered "Yes" to Item 18 because the labor organization changed any of the practices/procedures listed below during the reporting period and the practices/procedures are not described in the labor organization's constitution or bylaws, the labor organization must file an amended Form LM-1 (Labor Organization Information Report) to update information on file with the Department:

- qualifications for or restrictions on membership;
- levying assessments;
- participating in insurance or other benefit plans;
- authorizing disbursement of labor organization funds;
- auditing financial transactions of the labor organization;
- calling regular and special meetings;
- authorizing bargaining demands;
- ratifying contract terms;
- authorizing strikes;
- disciplining or removing officers or agents for breaches of their trust;
- imposing fines and suspending or expelling members including the grounds for such action and any provision made for notice, hearing, judgment on the evidence, and appeal procedures;
- selecting officers and stewards and any representatives to other bodies composed of labor organizations' representatives;
- invoking procedures by which a member may protest a defect in the election of officers (including not only all procedures for initiating an election protest but also all procedures for subsequently appealing an adverse decision, e.g., procedures for appeals to superior or parent bodies, if any); and
- issuing work permits.

Form LM-1 is available on the OLMS Web site at http://www.olms.dol.gov or from any OLMS field office listed at the end of these instructions.

.

NOTE: Federal employee labor organizations subject solely to the Civil Service Reform Act or Foreign Service Act are not required to submit an amended Form LM-1 to describe revised or changed practices/procedures.

19. NEXT REGULAR ELECTION — Enter the month and year of the labor organization's next regular election of general officers (president, vice president, treasurer, secretary, etc.). Do not report

the date of any interim election to fill vacancies.

20. NUMBER OF MEMBERS — After Schedule 13 is completed and the "Perform Calculations" button is clicked, the software will transfer the total in Line 8, Column (B) (Membership Status) to Item 20.

21. DUES AND FEES — Enter the dues and fees established by the labor organization. If more than one rate applies, enter the minimum and maximum rates. Enter "0" where appropriate.

Line (a): Enter the regular dues, fees or other periodic payments that a member must pay to be in good standing in the labor organization, including the calendar basis for the payment (per month, per year, etc.). Include only the dues or fees of regular members and not dues or fees of members with special rates, such as apprentices, retirees, or unemployed members.

Line (b) If individuals covered by your organization's collective bargaining agreement(s) pay "working" dues in addition to their regular dues, enter the amount or percent of "working" dues, including the basis for the payment (per hour, per month, etc.).

Line (c): Enter the initiation fees required from new members.

Line (d): Enter the fees other than dues required from transferred members. Such fees are those charged to persons applying for a transfer of membership to the labor organization from another labor organization with the same affiliation. Do not report fees charged to members transferring from one class of membership to another within the labor organization.

Line (e): If the labor organization issues work permits, enter the fees required and enter the calendar basis for the payment (per month, per year, etc.). Work permit fees are fees charged to nonmembers of the labor organization who work within its jurisdiction. Do not report as work permit fees those fees charged to nonmember applicants for membership pending acceptance of their membership application, or fees charged to persons applying for transfer of membership to the labor organization pending acceptance of their application for transfer.

FINANCIAL DETAILS

REPORT ONLY DOLLAR AMOUNTS

Report all amounts in dollars only. Round cents to the nearest dollar. Amounts ending in $.01 through $.49 should be rounded down. Amounts ending in $.50 through $.99 should be rounded up.

REPORTING CLASSIFICATIONS

Complete all items and lines on the form. Do not use different accounting classifications or change the wording of any item or line.

BEGINNING AND ENDING AMOUNTS

Entries in Statement A must report amounts for both the start and the end of the reporting period. The software will pre-fill the amount for the start of the year with the amount reported for the end of the previous fiscal year. These amounts should be identical. If the data is incorrect, however, it can be edited manually. The reason for the change must be fully explained in Item 69 (Additional Information).

COMPLETE SCHEDULES FIRST

Complete Schedules 1 through 29 before completing Statements A and B. Be sure to complete all applicable lines in Schedules 1 through 29. As you complete the schedules, the software will transfer some of the totals to the appropriate items in Statements A and B. You must enter the remaining totals manually.

COMPLETE ALL ITEMS 22 THROUGH

68

Complete all items in Statement A and Statement B. Enter "0" where appropriate.

SCHEDULES 1 THROUGH 12

SCHEDULE 1 – ACCOUNTS RECEIVABLE AGING SCHEDULE – The labor organization must report 1) all accounts with an entity or individual that aggregate to a value of $5,000 or more and that are 90 days or more past due at the end of the reporting period or were liquidated, reduced or written off during the reporting period; and 2) the total aggregated value of all other accounts receivable.

Column (A): Enter on Lines 1 through 24 the name of any entity or individual with which the labor organization has an account receivable of $5,000 or more that is 90 days or more past due at the end of the reporting period or that was liquidated, reduced or written off during the reporting period without the receipt of cash sufficient to cover the total value of the account receivable.

Column (B): Enter on Lines 1 through 24 the total amount of money owed to the labor organization by the entity or individual at the end of the reporting period. The software will enter on Line 25 the total from any continuation pages, add Lines 1 through 25, and enter the total on Line 26. Enter on Line 27 the total amount of money owed to the labor organization in all other accounts receivable not required to be reported above. The software will add Lines 26 and 27 and enter the total on Line 28. The total from Line 28, Column (B) will be forwarded to Item 23, Column (B) of Statement A.

Column (C): Enter on Lines 1 through 24 the total amount of money owed to the labor organization by the entity or individual at the end of the reporting period that is 90 to 180 days past due. The software will enter on Line 25 the total from any continuation pages, add Lines 1 through 25, and enter the total on Line 26. Enter on Line 27 the total amount of money owed to the labor organization in all other accounts receivable (those of less than $5,000) that are 90 to 180 days past due. The software will add Lines 26 and 27 and enter the total on Line 28.

Column (D): Enter on Lines 1 through 24 the total amount of money owed to the labor organization by the entity or individual at the end of the reporting period that is more than 180 days past due. The software will enter on Line 25 the total from any continuation pages, add Lines 1 through 25, and enter the total on Line 26. Enter on Line 27 the total amount of money owed to the labor organization in all other accounts receivable (those of less than $5,000) that are more than 180 days past due. The software will add Lines 26 and 27 and enter the total on Line 28.

Column (E): Enter on Lines 1 through 24 the total amount of money owed to the labor organization by the entity or individual that was liquidated, reduced or written off during the reporting period by the reporting labor organization without the receipt of cash sufficient to cover the total value of the account receivable. The software will enter on Line 25 the total from any continuation pages, add Lines 1 through 25, and enter the total on Line 26. Enter on Line 27 the total amount of money owed to the labor organization in all other accounts receivable (those of less than $5,000) that was liquidated, reduced or written off during the reporting period by the reporting labor organization without the receipt of cash sufficient to cover the total value of the account receivable. The software will add Lines 26 and 27 and enter the total on Line 28.

Provide in Item 69 (Additional Information) all details and circumstances in connection with the liquidation, reduction or writing off of any account receivable, in

accordance with the instructions for Item 15 (Acquisition or Disposition of Assets).

SCHEDULE 2 – LOANS RECEIVABLE — Report details of all direct and indirect loans (whether or not evidenced by promissory notes or secured by mortgages) owed to the labor organization at any time during the reporting period by individuals, business enterprises, benefit plans, and other entities including labor organizations. An example of an indirect loan is a disbursement by the labor organization to an educational institution for the tuition expense of an officer, employee, or member that must be repaid to the labor organization by that individual. Be sure to report all loans that were made and repaid in full during the reporting period. Do not include investments in corporate bonds or mortgages purchased on a block basis through a bank or similar institution that must be reported in Schedule 5 (Investments Other Than U.S. Treasury Securities).

NOTE: Advances, including salary advances, are considered loans and must be reported in Schedule 2 (Loans Receivable). However, advances to officers and employees of the labor organization for travel expenses necessary for conducting official business are not considered loans if the following conditions are met:

- The amount of an advance for a specific trip does not exceed the amount of expenses reasonably expected to be incurred for official travel in the near future, and the amount of the advance is fully repaid or fully accounted for by vouchers or paid receipts within 30 days after the completion or cancellation of the travel.

- The amount of a standing advance to an officer or employee who must frequently travel on official business does not unreasonably exceed the average monthly travel expenses for which the individual is separately reimbursed after submission of vouchers or paid receipts, and the individual does not exceed 60 days without engaging in official travel.

See the instructions for Schedules 7 (Other Assets), 11 (All Officers and Disbursements to Officers) and 12 (Disbursements to Employees) for reporting travel advances that meet these criteria.

Column (A): Enter the following information on Lines 1 through 3 (and on continuation pages if necessary):

- The name of each officer, employee, or member whose total loan indebtedness to the labor organization at any time during the reporting period exceeded $250, and the name of each business enterprise that had any loan indebtedness, regardless of amount, at any time during the reporting period;

- The purpose of each loan;

- The security given for each loan; and

- The terms of repayment for each loan.

For each officer or employee listed, indicate after each name either "O" (officer) or "E" (employee).

Column (B): Enter on Lines 1 through 3 the loan amounts outstanding at the start of the reporting period from each listed individual and business enterprise. The software will enter on Line 4 the total from any continuation pages. Enter on Line 5 the total of loans made to officers, employees, or members whose total individual loan indebtedness to the labor organization at any time during the reporting period did not exceed $250, and all loans, regardless of amount, made to other individuals and entities. The software will add Lines 1 through 5 and enter the total on Line 6 and in Item 24 (Loans Receivable), Column (A) of Statement A.

Column (C): Enter on Lines 1 through 3 the amount of loans made during the

reporting period to each listed individual and business enterprise. The software will enter on Line 4 the total from any continuation pages. Enter on Line 5 the total of all other loans made during the reporting period. The software will add Lines 1 through 5 and enter the total on Line 6 and in Item 61 (Loans Made) of Statement B.

Columns (D)(1) and (D)(2): Enter on Lines 1 through 3 the amount of loan repayments during the reporting period from each listed individual and business enterprise. Report in these columns only the portion of the payments applied toward principal; interest received must be reported in Item 40 (Interest). Use Column (D)(1) to report repayments received in cash. Use Column (D)(2) to report repayments made in a manner other than cash, such as repayments made by officers or employees by means of deductions from their salaries. The software will enter on Line 4 the totals from any continuation pages. Enter on Line 5 the amount of loan repayments from all other loans. The software will add Lines 1 through 5, Columns (D)(1) and (D)(2), and enter the totals on Line 6. The software will enter the total from Line 6, Column (D)(1) in Item 45 (Repayments of Loans Made) of Statement B. Explain in Item 69 (Additional Information) any non-cash amounts reported in Column (D)(2).

Column (E): Enter on Lines 1 through 3 the loan amounts outstanding at the end of the reporting period for each listed individual and business enterprise. The software will enter on Line 4 the total from any continuation pages. Enter on Line 5 the total amount outstanding at the end of the reporting period for all other loans. The software will add Lines 1 through 5 and enter the total on Line 6 and in Item 24 (Loans Receivable), Column (B) of Statement A. If any loans receivable were liquidated, reduced or written off during the reporting period, the reason and the amount must be reported in Item 69 (Additional Information).

NOTE: Section 503(a) of the LMRDA (29 U.S.C. 503) prohibits labor organizations from making direct or indirect loans to any officer or employee of the labor organization which results in a total indebtedness on the part of such officer or employee to the labor organization in excess of $2,000 at any time.

SCHEDULE 3 – SALE OF INVESTMENTS AND FIXED ASSETS — Schedule 3 includes the sale or redemption by the labor organization of U.S. Treasury securities, marketable securities, other investments, and fixed assets, including those fixed assets that were expensed (that is, the cost of the asset was charged to current expenses, rather than entered on the books and periodically depreciated). Include receipts from sales of mortgages that were purchased on a block basis through a bank or similar institution. Do not include the receipts from repayments by individual mortgagors, which must be reported in Schedule 2 (Loans Receivable) as loan repayments.

Complete a Schedule 3 Itemization Page for each purchaser who paid the labor organization $5,000 or more for investments or fixed assets before filling out the Schedule 3 Detailed Summary Page.

Column (A): Enter the name and address of the purchaser of $5,000 or more in investments or fixed assets from the labor organization.

Column (B): Enter a general description of the type of investment or fixed asset sold, such as U.S. Treasury securities, stocks, bonds, land, automobiles, etc. If land or buildings were sold, enter the location of the property, including the street address, if appropriate.

Column (C): Enter the date of the sale.

Column (D): Enter the total cost of each type of investment (including any transaction costs) or fixed asset described

in Column (B).

Column (E): Enter the value at which the investment or fixed asset was shown on the labor organization's books.

Column (F): Enter the gross sales (or contract) price of the investment or fixed asset.

Column (G): Enter the net amount received from the sale of the investment or fixed asset. If the amount received during the reporting period is less than the amount due (gross sales price less any deductions for selling expenses and repayments of secured loans or mortgages), the additional amount due to the labor organization must be reported in Schedule 7 (Other Assets) with a description sufficient to identify the type of asset. However, if a mortgage or note is taken back, it must be reported as a new loan in Schedule 2 (Loans Receivable).

The software will enter on Line (H), Columns (D) through (G), the total amount from all transactions with the purchaser.

The software will enter on Line (I), Columns (D) through (G), the totals from any continuation pages with this purchaser.

The software will add Lines (H) and (I), Columns (F) and (G) and enter the totals on Line (J), Columns (F) and (G).

Enter on Line (K), Column (F) the total gross sales price and enter on Line (K), Column (G) enter the total amount received for all non-itemized transactions with this purchaser, that is, all individual receipts of less than $5,000 each.

The software will add Lines (J) and (K), Columns (F) and (G) and enter the total on Line (L), Columns (F) and (G).

The software will add the amounts in Line (J), Column (G) of each Schedule 3 Itemization Page and enter the total on Line (1) of the Schedule 3 Detailed Summary Page.

The software will add the amounts in Line (K), Column (G) of each Schedule 3 Itemization Page and enter the total on Line (2) of the Schedule 3 Detailed Summary Page.

Enter on Line (3) of the Schedule 3 Detailed Summary Page the total of all receipts from sales of investments and fixed assets to other purchasers. This is the total from your organization's books of all receipts from sales of investments and fixed assets that were made to a purchaser of less than $5,000.

The software will add Lines (1) through (3) and enter the total on Line (4).

Enter on Line (5) the total amount from the sales or redemption of U.S. Treasury securities, marketable securities, or other investments that was promptly reinvested (i.e. "rolled over") in U.S. Treasury securities, marketable securities, or other investments during the reporting period. Calculate the total amount reinvested by adding, for each investment, the lower of each investment's original cost or the amount received from the sale or redemption that was actually reinvested. If only a portion of the amount received was reinvested, only the reinvested portion may be included on Line (5). Interest and dividends received during the reporting period must be reported in Items 40 (Interest) and 41 (Dividends).

The software will subtract Line (5) from Line (4) and enter the difference on Line (6) and in Item 43 (Sales of Investments and Fixed Assets) of Statement B.

SCHEDULE 4 – PURCHASE OF INVESTMENTS AND FIXED ASSETS — Schedule 4 includes the purchase by the labor organization of U.S. Treasury securities, marketable securities, other investments, and fixed assets, including those fixed assets that were expensed (that is, the cost of the asset was charged to current expenses, rather than entered

on the books and periodically depreciated). Include disbursements for mortgages that were purchased on a block basis through a bank or similar institution.

Complete a Schedule 4 Itemization Page for each seller who received $5,000 or more from the labor organization before filling out the Schedule 4 Detailed Summary Page:

Column (A): Enter the name and address of the seller of the investments or fixed assets to the labor organization.

Column (B): Enter a general description of the type of investment or fixed asset purchased, such as U.S. Treasury securities, stocks, bonds, land, automobiles, etc. If land or buildings were purchased, enter the location of the property, including the street address, if appropriate.

Column (C): Enter the date of the purchase.

Column (D): Enter the gross purchase price of each type of investment (including any transaction costs) or fixed asset described in Column (B).

Column (E): Enter the value at which the investment or fixed asset was entered on the labor organization's books. If assets were traded in on assets purchased, answer Item 15 (Acquisition or Disposition of Assets) "Yes," and provide in Item 69 the cost, book value, and trade-in allowance in accordance with the instructions for Item 15.

Column (F): Enter the total amount disbursed for each type of investment or fixed asset purchased during the reporting period. Do not include any unpaid balance that must be reported in Schedule 9 (Loans Payable) or Item 32 (Mortgages Payable) of Statement A.

The software will enter on Line (G), Columns (D) through (F) the total of Columns (D) through (F).

The software will enter on Line (H), Columns (D) through (F), the totals from any continuation pages for this seller.

The software will add Lines (G) and (H), Columns (D) through (F) and enter the total on Line (I), Columns (D) through (F).

Enter on Line (J), Column (F), the total of all non-itemized transactions with this seller (that is, all individual disbursements of less than $5,000 each).

The software will add Lines (I) and (J), Column (F) and enter the total on Line (K).

The software will add the amounts in Line (I), Column (F) of each Schedule 4 Itemization Page, and enter the total on Line (1) of the Schedule 4 Detailed Summary Page.

.

The software will add the amounts in Line (J), Column (F) of each Schedule 4 Itemization Page, and enter the total on Line (2) of the Schedule 4 Detailed Summary Page.

Enter on Line (3) of the Schedule 4 Detailed Summary Page the total of all disbursements for purchases of investments and fixed assets from other sellers. This is the total from your organization's books of all disbursements to sellers of less than $5,000.

The software will add Lines (1) through (3) and enter the total on Line (4).

Enter on Line (5) the total amount from the sale or redemption of U.S. Treasury securities, marketable securities, or other investments that was promptly reinvested (i.e. "rolled over") in U.S. Treasury securities, marketable securities, or other investments during the reporting period. Calculate the total amount reinvested by adding, for each investment, the lower of each investment's original cost or the amount received from the sale or redemption that was actually reinvested.

If only a portion of the amount received was reinvested, only the reinvested portion may be included on Line (5). Interest and dividends received during the reporting period must be reported on Schedules 18 (Interest) and 19 (Dividends). The total on Line (5) must agree with the amount reported on Line (5) of Schedule 3 (Sale of Investments and Fixed Assets).

The software will subtract Line (5) from Line (4) and enter the difference on Line (6) and in Item 60 (Purchase of Investments and Fixed Assets) of Statement B.

SCHEDULE 5 – INVESTMENTS OTHER THAN U.S. TREASURY SECURITIES — Report details of all the labor organization's investments at the end of the reporting period, other than U.S. Treasury securities. Include mortgages purchased on a block basis and any investments in a trust as defined in Section X (Trusts in Which a Labor Organization is Interested) of these instructions. Do not include savings accounts, certificates of deposit, or money market accounts, which must be reported in Item 22 (Cash) of Statement A.

Line 1: Enter in Column (B) the total cost of all the labor organization's marketable securities including transaction costs such as brokerage commissions. Marketable securities are those for which current market values can be obtained from published reports of transactions in listed securities or in securities traded "over the counter," such as corporate stocks and bonds, stock and bond mutual funds, state and municipal bonds, and foreign government securities.

Line 2: Enter in Column (B) the total book value of all the labor organization's marketable securities. Book value is the lower of cost or market value.

Line 3: List in Column (A) each marketable security that has a book value over $5,000 and exceeds 5% of the total book value entered on Line 2 and enter its book value in Column (B).

The software will enter on Line 3(d) the total from any continuation pages.

Line 4: Enter the total cost, including any transaction costs, of all the labor organization's other investments (that is, those that are not U.S. Treasury securities or marketable securities). Include mortgages purchased on a block basis.

Line 5: Enter the total book value of such other investments. Book value is the lower of cost or market value.

Line 6: List in Column (A) each other investment that has a book value over $5,000 and exceeds 5% of the total book value entered on Line 5 and enter its book value in Column (B).

NOTE: All trusts in which the labor organization is interested which are investments of the labor organization (such as real estate trusts, building corporations, etc.) must be reported in Schedule 5. On Lines 6(a) through (d) enter the name of each trust in Column (A) and the labor organization's share of its book value in Column (B).

The software will enter on Line 6(e) the total from any continuation pages.

Line 7: The software will add Lines 2 and 5 and enter the total on Line 7 and in Item 26 (Investments), Column (B) of Statement A.

SCHEDULE 6 – FIXED ASSETS — Report details of all fixed assets, such as land, buildings, automobiles and other vehicles, and office furniture and equipment owned by the labor organization at the end of the reporting period. Land and buildings must be itemized, whereas automobiles and other vehicles, and office furniture and equipment should be aggregated. Include fixed assets that were expensed (that is, the cost of the asset was charged to

current expenses, rather than entered on the books and periodically depreciated), fully depreciated, or carried on the labor organization's books at scrap value or other nominal value.

Column (A): Enter on Line 1 the location of any land and on Line 3 the location of any buildings owned by the labor organization. Use continuation pages if the labor organization owns multiple parcels or buildings.

Column (B): Enter the cost or other basis of the fixed assets listed in Column (A). The software will enter the totals from any continuation pages.

Column (C): Enter the accumulated depreciation, if any, of the fixed assets (except land) listed in Column (A) whose cost or other basis is reported in Column (B). The software will enter the totals from any continuation pages. If the labor organization "expenses" fixed assets, also include in Column (C) the amount that the labor organization charged to expenses when the assets were purchased.

Column (D): Enter the amount at which the fixed assets listed in Column (A) are carried on the labor organization's books. The software will enter the totals from any continuation pages. Include the nominal amount, if any, at which fully depreciated assets are carried on the labor organization's books. The amount reported in Column (D) should be the difference between Columns (B) and (C).

Column (E): Enter the fair market value of land and of all assets listed in Column (A) that were expensed, fully depreciated, or depreciated to scrap value or nominal value, including totals from any continuation pages. It is not necessary to secure a formal appraisal of the assets; a good faith estimate is sufficient. The value used for insurance purposes or for tax appraisals, for example, will normally be acceptable as representing the fair market value. The software will enter the totals from any continuation pages.

The software will add Lines 1 through 7 for each of Columns (B) through (E), and enter the totals on Line 8. The software will enter the total from Line 8, Column (D) in Item 27 (Fixed Assets), Column (B) of Statement A.

SCHEDULE 7 – OTHER ASSETS — Report details of all the labor organization's assets at the end of the reporting period other than Item 22 (Cash), Item 23 (Accounts Receivable), Item 24 (Loans Receivable), Item 25 (U.S. Treasury Securities), Item 26 (Investments), and Item 27 (Fixed Assets).

The labor organization's other assets must be described in Column (A) and may be classified by general groupings or bookkeeping categories, such as utility deposits, inventory of supplies for resale, or travel advances that are not required to be reported as loans as explained in the instructions for Schedule 2 (Loans Receivable), if the description is sufficient to identify the type of assets. Enter in Column (B) the value as shown on the labor organization's books of each asset or group of assets described in Column (A).

NOTE: If the labor organization has an ownership interest of a non-investment nature in a trust in which it is interested (such as a training fund) the value of the labor organization's ownership interest in the entity as shown on the labor organization's books must be reported in Schedule 7 (Other Assets). Enter in Column (A) the name of any such entity. Enter in Column (B) the value as shown on the labor organization's books of its share of the net assets of any such entity.

The software will enter on Line 14 the total from any continuation pages, add Lines 1 through 14, and enter the total on Line 15 and in Item 28 (Other Assets), Column (B) of Statement A.

SCHEDULE 8 – ACCOUNTS PAYABLE AGING SCHEDULE – The labor

organization must report 1) individual accounts that are valued at $5,000 or more and that are 90 days or more past due at the end of the reporting period or were liquidated, reduced or written off during the reporting period; and 2) the total aggregated value of all other accounts.

Column (A): Enter on Lines 1 through 24 the name of any entity or individual with which the labor organization has an account payable of $5,000 or more that is 90 days or more past due at the end of the reporting period or that was liquidated, reduced or written off during the reporting period without the disbursement of cash sufficient to cover the total value of the account payable.

Column (B): Enter on Lines 1 through 24 the total amount of money owed by the labor organization to the entity or individual at the end of the reporting period. The software will enter on Line 25 the total from any continuation pages, add Lines 1 through 25, and enter the total on Line 26. Enter on Line 27 the total amount of money owed by the labor organization in all other accounts payable not required to be reported above. The software will add Lines 26 and 27 and enter the total on Line 28. The software will enter the total from Line 28, Column (B) in Item 30, Column (D) of Statement A.

Column (C): Enter on Lines 1 through 24 the total amount of money owed by the labor organization to the entity or individual at the end of the reporting period that is 90 to 180 days past due. The software will enter on Line 25 the total from any continuation pages, add Lines 1 through 25, and enter the total on Line 26. Enter on Line 27 the total amount of money owed by the labor organization in all other accounts payable (those of less than $5,000) that are 90 to 180 days past due. The software will add Lines 26 and 27 and enter the total on Line 28.

Column (D): Enter on Lines 1 through 24 the total amount of money owed by the labor organization to the entity or individual at the end of the reporting period that is more than 180 days past due. The software will enter on Line 25 the total from any continuation pages, add Lines 1 through 25, and enter the total on Line 26. Enter on Line 27 the total amount of money owed by the labor organization in all other accounts payable (those of less than $5,000) that are more than 180 days past due. The software will add Lines 26 and 27 and enter the total on Line 28.

Column (E): Enter on Lines 1 through 24 the total amount of money owed by the labor organization to the entity or individual that was written off during the reporting period by the reporting labor organization without the disbursement of cash sufficient to cover the total value of the account payable. The software will enter on Line 25 the total from any continuation pages, add Lines 1 through 25, and enter the total on Line 26. Enter on Line 27 the total amount of money owed by the labor organization in all other accounts payable (those of less than $5,000) that was written off during the reporting period by the reporting labor organization without the disbursement of cash sufficient to cover the total value of the account payable. The software will add Lines 26 and 27 and enter the total on Line 28.

Provide in Item 69 (Additional Information) all details and circumstances in connection with the writing off of the account payable, including the reason and amount.

SCHEDULE 9 – LOANS PAYABLE — Report details of all loans payable on which the labor organization owed money at any time during the reporting period except those secured by mortgages or similar liens on real property (land or buildings) that must be reported in Item 32 (Mortgages Payable) of Statement A.

Column (A): Enter on Lines 1 through 11 (and on continuation pages, if necessary)

the name of each business enterprise to which a loan was payable. Also list the source of all other loans by general categories, such as labor organizations, individuals, etc.

Column (B): For each loan source listed in Column (A), enter the amount, if any, owed by the labor organization at the start of the reporting period. The software will enter on Line 12 the total from any continuation pages, add Lines 1 through 12, and enter the total on Line 13 and in Item 31 (Loans Payable), Column (C) of Statement A.

Column (C): For each loan source listed in Column (A), enter the amount, if any, obtained by the labor organization during the reporting period. The software will enter on Line 12 the total from any continuation pages. If, due to discounting by a bank or for any other reason, the amount received from a loan was less than the face value of the note or the amount repayable, enter the amount actually received and explain in Item 69 (Additional Information). The software will add Lines 1 through 12 and enter the total on Line 13 and in Item 44 (Loans Obtained) of Statement B.

Columns (D)(1) and (D)(2): For each loan source listed in Column (A), enter the amount, if any, that the labor organization repaid to the lender during the reporting period. Report only repayments of principal; interest paid must be reported in Schedule 18 (General Overhead). Use Column (D)(1) to report repayments made in cash. Use Column (D)(2) to report repayments made in a manner other than by cash, such as repayments made to a creditor by offsetting an amount owed by the creditor to the labor organization. The software will enter on Line 12 the totals from any continuation pages; add Lines 1 through 12, Columns (D)(1) and (D)(2); and enter the totals on Line 13. The software will enter the total from Line 13, Column (D)(1) in Item 62 (Repayment of Loans Obtained) of Statement B. Explain in Item 69 (Additional Information) any non-cash amounts reported in Column (D)(2).

Column (E): For each loan source listed in Column (A), enter the balance, if any, that the labor organization owed the listed lender at the end of the reporting period. The software will enter on Line 12 the total from any continuation pages. If any loans payable were written off during the reporting period, the reason and amount must be reported in Item 69 (Additional Information). The software will add Lines 1 through 12 and enter the total on Line 13 and in Item 31 (Loans Payable), Column (D) of Statement A.

SCHEDULE 10 – OTHER LIABILITIES — Report details of all the labor organization's liabilities at the end of the reporting period other than Item 30 (Accounts Payable), Item 31 (Loans Payable), and Item 32 (Mortgages Payable) of Statement A.

Any portion of withheld taxes or any other payroll or other deductions, which have not been transmitted at the end of the reporting period, are liabilities of the labor organization and must be reported in Schedule 10. Payroll or other deductions that are retained by the labor organization (such as repayments of loans to officers or employees) must be fully explained in Item 69 (Additional Information).

The labor organization's other liabilities must be described in Column (A) and may be classified by general groupings or bookkeeping categories if the description is sufficient to identify the type of liability. List separately any payroll taxes withheld but not yet paid, other unpaid payroll taxes of the labor organization, such as FICA taxes, and any funds collected on behalf of affiliates or members and not disbursed by the end of the reporting period. Do not include reserves for special purposes (for example, "Reserve for Building Fund") that are actually an allocation of certain assets for specific purposes rather than a liability.

Enter in Column (B) the amount of each liability described in Column (A). The software will enter on Line 13 the total from any continuation pages, add Lines 1 through 13, and enter the total on Line 14 and in Item 33 (Other Liabilities), Column (D) of Statement A.

SCHEDULE 11 – ALL OFFICERS AND DISBURSEMENTS TO OFFICERS — List all the labor organization's officers and report all salaries and other direct and indirect disbursements to officers during the reporting period. Also report the percentage of time spent by each officer in the categories provided.

NOTE: A "direct disbursement" to an officer is a payment made by the labor organization to the officer in the form of cash, property, goods, services, or other things of value.

An "indirect disbursement" to an officer is a payment made by the labor organization to another party for cash, property, goods, services, or other things of value received by or on behalf of the officer. "On behalf of the officer" refers to a payment received by a party other than the officer or the labor organization for the personal interest or benefit of the officer. Such payments include those made through a credit arrangement under which charges are made to the account of the labor organization and are paid by the labor organization. For example, when a union, through its credit arrangements, is billed directly and pays the hotel bills of an officer who, during his workweek, resides at a hotel in the city where the union headquarters is located away from his legal residence in another city, the payments must be reported as disbursements to the officer.

Column (A): Enter in (A) the last name, first name, and middle initial of each person who held office in the labor organization at any time during the reporting period. Include all the labor organization's officers whether or not any salary or other disbursements were made to them or on their behalf by the labor organization. "Officer" is defined in section 3(n) of the LMRDA (29 U.S.C. 402) as "any constitutional officer, any person authorized to perform the functions of president, vice president, secretary, treasurer, or other executive functions of a labor organization, and any member of its executive board or similar governing body."

Column (B): Enter in (B) the title of the position each officer listed held during the reporting period. If an officer held more than one position during the reporting period, list each additional position and the dates on which the officer held the position in Item 69 (Additional Information).

Column (C): Use the drop-down menu to select the status of each officer: "N" for a new officer who took office during the reporting period; "P" for a past officer who was not in office at the end of the reporting period; or "C" for a continuing officer who was in office before the reporting period and was still in office at the end of the reporting period. If any officer was not elected at a regular election in accordance with the labor organization's constitution and bylaws or other governing documents on file with OLMS, explain the manner in which the officer was chosen in Item 69 (Additional Information).

Column (D): Enter the gross salary of each officer (before tax withholdings and other payroll deductions). Include disbursements for "lost time" or time devoted to union activities.

Column (E): Enter the total allowances made by direct and indirect disbursements to each officer on a daily, weekly, monthly, or other periodic basis. Do not include allowances paid on the basis of mileage or meals which must be reported in Column (G) or (H), as applicable.

Column (F): Enter the total benefits disbursed to or on behalf of each officer.

Benefit disbursements include, for example, disbursements for life insurance, health insurance, and pensions.

Column (G): Enter all direct and indirect disbursements to each officer that were necessary for conducting official business of the labor organization, except salaries, allowances, and benefits which must be reported in Columns (D), (E), and (F), respectively.

Examples of disbursements to be reported in Column (G) include all expenses that were reimbursed directly to an officer, meal allowances and mileage allowances, expenses for officers' meals and entertainment, and various goods and services furnished to officers but charged to the labor organization. Such disbursements should be included in Column (G) only if they were necessary for conducting official business; otherwise, report them in Column (H). Also include in Column (G) travel advances that are not considered loans as explained in the instructions for Schedule 2 (Loans Receivable).

Do not report the following disbursements in Schedule 11:

- Reimbursements to an officer for the purchase of investments or fixed assets, such as reimbursing an officer for a file cabinet purchased for office use, which must be reported in Schedule 4 (Purchase of Investments and Fixed Assets) and explained in Item 69 (Additional Information);

- Disbursements made by the labor organization to someone other than an officer as a result of transactions arranged by an officer in which property, goods, services, or other things of value were received by or on behalf of the labor organization rather than the officer, such as rental of offices and meeting rooms, purchase of office supplies, refreshments and other expenses of membership banquets or meetings, and food and refreshments for the entertainment of groups other than the officers and membership on official business;

- Office supplies, equipment, and facilities furnished to officers by the labor organization for use in conducting official business; and

- Maintenance and operating costs of the labor organization's assets, including buildings, office furniture, and office equipment; however, see "Special Rules for Automobiles" below.

Column (H): Enter all other direct and indirect disbursements to each officer. Include all disbursements for which cash, property, goods, services, or other things of value were received by or on behalf of each officer and were essentially for the personal benefit of the officer and not necessary for conducting official business of the labor organization.

Include in Column (H) all disbursements for transportation by public carrier between the officer's home and place of employment or for other transportation not involving the conduct of official business. Also, include the operating and maintenance costs of all the labor organization's assets (automobiles, etc.) furnished to officers essentially for the officers' personal use rather than for use in conducting official business.

Do not include in Column (H) loans to officers, which must be reported in Schedule 2 (Loans Receivable) or disbursements for benefits to officers, which must be reported in Column F (Benefits).

Column (I): The software will add Columns (D) through (H) of each line and enter the totals in Column (I).

The software will enter on Line 6 the totals from any continuation pages for Schedule 11.

The software will enter the totals of Lines

1 through 6 for each Column (D) through (I) on Line 7.

Enter on Line 8 the total amount of withheld taxes, payroll deductions, and all other deductions. The software will subtract Line 8 from Line 7, Column (I), and enter the difference on Line 9.

Line (J): Enter the estimated percentage of time spent by the officer on activities that fall within Schedules 24 through 28 in the box next to that schedule. You may round to the nearest 10%. When the time reported by an individual in an activity is less than 5% of his or her total work time, the officer's best estimate to the nearest percentage should be reported rather than rounding to zero. The total must equal 100%. It is understood that these figures may be imprecise. For instance, the president of an intermediate body may spend four months working intensely on a multi-state contract negotiation, two months lobbying against a state referendum, two more months on a contentious organizing drive, and throughout these activities he had to keep up with his other duties as president. The president's good-faith estimate might be to report 50% on Schedule 24 – Representational Activities, 17% on Schedule 25 – Political Activities and Lobbying, 3% on Schedule 26 – Contributions, Gifts, and Grants, and 30% on Schedule 28 – Union Administration. The example is not intended to be a representation of a typical allocation of time but it should be used to help understand the rationale that should be employed when making these determinations.

Using these percentages, the software will aggregate the amount of total disbursements (Column (I)) allocated to each schedule for every officer and enter the total on Line 3 of the Detailed Summary Page for Schedules 24-28.

SPECIAL RULES FOR AUTOMOBILES

Include in Column (H) of Schedule 11 that portion of the operating and maintenance costs of any automobile owned or leased by the labor organization to the extent that the use was for the personal benefit of the officer to whom it was assigned. This portion may be computed on the basis of the mileage driven on official business compared with the mileage for personal use. The portion not included in Column (H) must be reported in Column (G).

Alternatively, rather than allocating these operating and maintenance costs between Columns (G) and (H), if 50% or more of the officer's use of the vehicle was for official business, the labor organization may enter in Column (G) all disbursements relative to that vehicle with an explanation in Item 69 (Additional Information) indicating that the vehicle was also used part of the time for personal business. Likewise, if less than 50% of the officer's use of the vehicle was for official business, the labor organization may report all disbursements relative to the vehicle in Column (H) with an explanation in Item 69 indicating that the vehicle was also used part of the time on official business.

The amount of decrease in the market value of an automobile used over 50% for the personal benefit of an officer must also be reported in Item 69.

SCHEDULE 12 – DISBURSEMENTS TO EMPLOYEES — Report all direct and indirect disbursements to employees of the labor organization during the reporting period. Also report the percentage of time spent by each employee in the categories provided.

Include disbursements to individuals other than officers who receive lost time payments even if the labor organization does not otherwise consider them to be employees or does not make any other direct or indirect disbursements to them. The definitions of "direct disbursements" and "indirect disbursements" are the same as the definitions stated above in

Schedule 11.

Column (A): Enter the last name, first name, and middle initial of each employee who during the reporting period received more than $10,000 in gross salaries, allowances, and other direct and indirect disbursements from the labor organization or from the labor organization and any affiliates and/or trusts of the labor organization. ("Affiliates" means labor organizations chartered by the same parent body, governed by the same constitution and bylaws, or having the relation of parent and subordinate.) The labor organization's report, however, should not include disbursements made by affiliates or trusts but should include only the disbursements made by the labor organization.

Column (B): Enter the position each listed employee held in the labor organization.

Column (C): Enter the name of any affiliate or trust that paid any salaries, allowances, or expenses on behalf of a listed employee.

Columns (D) through (H): To complete Columns (D) through (H), follow the instructions for Columns (D) through (H) of Schedule 11.

Enter on Line 6, Columns (D) through (H) the totals of all gross salaries, allowances, benefits and other disbursements for all employees of the labor organization not required to be listed above.

The software will enter on Line 7 the totals from any continuation pages for Schedule 12.

The software will add Columns (D) through (H) for each of Lines 1 through 7, enter the totals in Column (I), and allocate the totals in Column (I) to Schedules 24 through 28 in accordance with the percentages you enter in Line (J) as described in Schedule 11. The software will enter the totals on Line 4 of the appropriate schedule on the Detailed Summary Page for Schedules 24 - 28.

The software will enter the totals of Lines 1 through 7 for each Column (D) through (I) on Line 8.

Enter on Line 9 the total amount of withheld taxes, payroll deductions, and all other deductions. The software will subtract Line 9 from Line 8, Column (I), and enter the difference on Line 10.

SCHEDULE 13 – MEMBERSHIP STATUS INFORMATION— Enter in Column (A) the categories of membership tracked by the reporting labor organization. Define each category of membership in Item 69 (Additional Information). The definition should include a description of the members covered by the category and indicate whether the members pay full dues.

In Column (B) enter the number of members for each of the membership categories listed in Column (A).

Members (Line 8) – The software will enter the total of all members of the labor organization (Total of Lines 1 through 7) on Line 8 and in Item 20 (Number of Members).

Agency Fee Paying Nonmembers (Line 9) – Agency fee paying nonmembers are those who make payments in lieu of dues to the reporting labor organization as a condition of employment under a union security provision in a collective bargaining agreement.

Total Members/Fee Payers (Line 10) – The software will enter the total of Lines 8 and 9, which will include all members and agency fee payers. The total in Column (B) is not the total number of members of the labor organization.

Check the "Yes" box in Column (C) if the category of membership listed in Column (A) is generally eligible to vote in all union elections held by the labor organization. Describe in Item 69 (Additional

Information) any voting restrictions that apply to a category in Column (A).

SCHEDULES 14 THROUGH 28

Schedules 14 through 28 provide detailed information on the financial operations of the labor organization in categories that reflect the services provided to union members. Receipts and disbursements are allocated to Schedules 14 through 28 and are either listed as individual entries or as aggregated entries. Note that before completing the Detailed Summary Page for Schedules 14 through 28, you must complete the itemization pages as described below.

Allocating Receipts

Each receipt of the labor organization must be allocated to one of the receipt items in Statement B. All of these items have supporting schedules in which any "major" receipts during the reporting period must be separately identified. A "major" receipt includes: 1) any individual receipt of $5,000 or more; or 2) total receipts from any single entity or individual that aggregate to $5,000 or more during the reporting period. All other receipts in these schedules are aggregated. This process is discussed further below.

Allocating Disbursements

Each disbursement of the labor organization must be allocated to one of the disbursement items in Statement B. Some of these items have supporting schedules that require more detailed information. Schedules 24 through 28 reflect various services provided to union members by the union in which all "major" disbursements during the reporting period in the various categories must be separately identified. A "major" disbursement includes: 1) any individual disbursement of $5,000 or more; or 2) total disbursements to any single entity or individual that aggregate to $5,000 or more during the reporting period. All other disbursements in these schedules are aggregated.

All disbursements, other than those reported elsewhere in Statement B, must be allocated to Schedules 24 though 28, as appropriate.

Example 1: If the labor organization received a settlement of $4,999 in a small claims lawsuit, the receipt would not be individually identified, as long as the settlement was the only receipt from the entity or individual during the reporting period. The receipt would be aggregated with other small receipts in Line 3 of Schedule 23 (Other Receipts) on the Detailed Summary Page as discussed below.

Example 2: If the labor organization made three payments of $1,800 each to an office supplies vendor for office supplies used by employees engaged in contract negotiations during the reporting period, a single disbursement to the vendor of $5,400 would be listed in Line I on an Initial Itemization Page for that vendor for Schedule 24 (Representational Activities) as discussed below.

Example 3: If a union pays a total of $5,500 to a printing company during the reporting year and determines that $5,050 should be allocated to organizing costs, that amount must be identified in an Initial Itemization Page for the printing company for Schedule 24 (Representational Activities). If the remaining $450 paid to the same printer over the course of the year was attributable to charitable expenses, that amount will be reported in Line 5 of Schedule 26 (Contributions, Gifts, and Grants) on the Detailed Summary Page but the printer need not be identified as a recipient of any funds expended for Contributions, Gifts, and Grants, since the total paid to the printer during the reporting year for services related to Contributions, Gifts, and Grants did not exceed $5,000.

Example 4: The labor organization has an ongoing contract with a law firm that

provides a wide range of legal services. The labor organization makes a single payment of $10,000 each month to the law firm. In a particular month the law firm spent 50% of its time on contract negotiation litigation and 50% on lobbying for the enactment of, a new Federal law. The labor organization must allocate the payment for that month as two distinct disbursements of $5,000 each to Schedule 24 (Representational Activities) and Schedule 25 (Political Activities and Lobbying).

Procedures for Completing Schedules 14 Through 28.

Before completing the Detailed Summary Page for Schedules 14 through 28, complete an Itemization Page for each payer/payee for whom there is (1) an individual receipt/disbursement of $5,000 or more or (2) total receipts/disbursements that aggregate to $5,000 or more during the reporting period. Do not complete an Itemization Page for disbursements to officers or employees because these disbursements are reported in Lines 3 and 4 of the Detailed Summary Page. A separate set of continuation pages must be used for each receipt and disbursement schedule.

Enter in Column (A) the full name and business address of the entity or individual from which the receipt was received or to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably attain the full address, the city and state are sufficient.

Enter in Column (B) the type of business or job classification of the entity or individual, such as printing company, office supplies vendor, lobbyist, think tank, marketing firm, legal counsel, etc.

Enter in Column (C) the purpose of each individual receipt/disbursement for that payee/payer of $5,000 or more, which means a brief statement or description of the reason the receipt/disbursement was made. Examples of adequate descriptions include the following: preparing organizing campaign pamphlets, staffing a help desk, opposition research, litigation regarding representation issues, litigation regarding a refusal to bargain charge, grievance arbitration, get-out-the-vote, voter education, advocating or opposing legislation, job retraining, etc.

Enter in Column (D) the date that the receipt/disbursement was made. The format for the date must be mm/dd/yyyy. The date of receipt/disbursement for reporting purposes is the date the labor organization actually received or disbursed the money.

Enter in Column (E) the amount of the receipt/disbursement.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation pages for this payee/payer.

The software will enter in Line (H) the total of all itemized transactions with this payee/payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized transactions for the payee/payer (that is, all individual transactions of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payee/payer for this schedule (the sum of Lines (H) and (I)).

Special Instructions for Reporting Credit Card Disbursements

Disbursements to credit card companies may not be reported as a single disbursement to the credit card company as the vendor. Instead, charges appearing on credit card bills paid during the reporting period must be allocated to

the recipient of the payment by the credit card company according to the same process as described above.

The Department recognizes that filers will not always have the same access to information regarding credit card payments as with other transactions. Filers should report all of the information required in the itemization schedules that is available to the union.

For instance, in the case of a credit card transaction for which the receipt(s) and monthly statement(s) do not provide the full legal name of a payee and the union does not have access to any other documents that would contain the information, the union should report the name as it appears on the receipt(s) and statement(s). Similarly, if the receipt(s) and statement(s) do not include a full street address, the union should report as much information as is available and no less than the city and state.

Once these transactions have been incorporated into the union's recordkeeping system they can be treated like any other transaction for purposes of assigning a description and purpose.

In instances when a credit card transaction is canceled and the charge is refunded in whole or part by entry of a credit on the credit card statement, the charge should be treated as a disbursement, and the credit should be treated as a receipt. In reporting a credit of $5,000 or more as a receipt, Column (C) must indicate that the receipt was in refund of a disbursement, and must identify the disbursement by date and amount.

Special Procedures for Reporting Confidential Information

Filers may use the procedure described below to report the following types of information:

- Information that would identify individuals paid by the union to work in a non-union bargaining unit in order to assist the union in organizing employees, provided that such individuals are not employees of the union who receive more than $10,000 in the aggregate in the reporting year from the union. Employees receiving more than $10,000 must be reported on Schedule 12 – Disbursements to Employees;

- Information that would expose the reporting union's prospective organizing strategy. The union must be prepared to demonstrate that disclosure of the information would harm an organizing drive. Absent unusual circumstances, information about past organizing drives should not be treated as confidential;

- Information that would provide a tactical advantage to parties with whom the reporting union or an affiliated union is engaged or will be engaged in contract negotiations. The union must be prepared to demonstrate that disclosure of the information would harm a contract negotiation. Absent unusual circumstances information about past contract negotiations should not be treated as confidential;

- Information pursuant to a settlement that is subject to a confidentiality agreement, or that the union is otherwise prohibited by law from disclosing; and,

- Information in those situations where disclosure would endanger the health or safety of an individual.

With respect to these specific types of information, if the reporting union can demonstrate that itemized disclosure of a specific major receipt or disbursement, or aggregated receipt or disbursement would be adverse to the union's legitimate interests, the union may include the receipt or disbursement in Line 3 of

Summary Schedule 23 (Other Receipts) or in Line 5 of Summary Schedules 24 (Representational Activities) or 28 (Union Administration). In Item 69 (Additional Information) the union must identify each schedule from which any itemized receipts or disbursements were excluded because of an asserted legitimate interest in confidentiality based on one of the first three reasons listed above. No notation need be made for exclusion of information disclosure of which is prohibited by law or that would endanger the health or safety of an individual. The notation must describe the general types of information that were omitted from the schedule, but the name of the payer/payee, date, and amount of the transaction(s) is not required. This procedure may not be used for Schedules 25 through 27.

A union member, however, has the statutory right "to examine any books, records, and accounts necessary to verify" the union's financial report if the member can establish "just cause" for access to the information. 29 U.S.C. 431(c); 29 U.S.C. CFR 403.8 (2002). Any exclusion of itemized receipts or disbursements from Schedules 23, 24, or 28 for one of the first three reasons listed above would constitute a *per se* demonstration of "just cause" for purposes of this Act. Consequently, any union member (and the Department), upon request, has the right to review the undisclosed information that otherwise would have appeared in the applicable schedule if the union withholds the information in order to protect confidentiality interests. Exclusion of information disclosure of which is prohibited by law or that would endanger the health or safety of an individual creates no per se demonstration of "just cause."

Procedures for Completing the Detailed Summary Page

The Detailed Summary Page is used to summarize Schedules 14 through 28.

For Summary Schedules 14 – 23, the software will enter in Line 1 the total of all itemized receipts during the reporting period from named payers. This is the sum of the amounts entered in Line (H) on all Itemization Pages for the schedule.

The software will enter in Line 2 the total of all non-itemized receipts from named payers. This is the sum of the amounts entered in Line (I) on all Itemization Pages for the schedule.

Enter in Line 3 the total of all other receipts during the reporting period relating to the schedule. This is the total from your organization's books of all receipts during the reporting period relating to this schedule for payers who did not have a single receipt of $5,000 or more or receipts that aggregated $5,000 or more.

The software will enter in Line 4 the total of Lines 1 through 3 and forward this total to the appropriate line item of Statement B.

For Summary Schedules 24 - 28, the software will enter in Line 1 the total of all itemized disbursements during the reporting period to named vendors. This is the sum of the amounts entered in Line (H) on all Itemization Pages for the schedule.

The software will enter in Line 2 the total of all non-itemized disbursements to named vendors. This is the sum of the amounts entered in Line (I) on all Itemization Pages for the schedule.

The software will enter in Line 3 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of Schedule 11.

The software will enter in Line 4 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of

Schedule 12.

Enter in Line 5 the total of all other disbursements during the reporting period relating to the schedule. This is the total from your organization's books of all disbursements during the reporting period relating to this schedule for payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more.

The software will enter in Line 6 the total of Lines 1 through 5 and forward this total to the appropriate line item of Statement B.

For example, if in Schedule 24 (Representational Activities) a labor organization has $200,000 in itemized disbursements of $5,000 or more to vendors, $35,000 in non-itemized disbursements of less than $5,000 each to those vendors, $100,000 in salary disbursements to officers, $50,000 in salary disbursements to employees, and $7,000 in disbursements to vendors who did not receive a major disbursement for representational activities, then the software will enter $200,000 in Line 1, $35,000 in Line 2, $100,000 in Line 3, $50,000 in Line 4, and the filer will enter $7,000 in Line 5 of Schedule 24 on the Detailed Summary Page. The total of Lines 1 through 5 is $392,000, which the software will enter in Line 6 of the summary schedule and Item 50 (Representational Activities) of Statement B.

SCHEDULE 14 – DUES AND AGENCY FEES – Report the labor organization's receipts from all dues and agency fees including regular dues, working dues, etc. received by the labor organization during the reporting year. Include dues received directly by the organization from members, dues received from employers through a check-off arrangement, and dues transmitted to the organization by a parent body or other affiliate. Report the full dues received, including any portion that will later be transmitted to an intermediate or parent body as per capita tax. Also report payments in lieu of dues received from any nonmember employees as a condition of employment under a union security provision in a collective bargaining agreement.

If an intermediate or parent body receives dues checkoff directly from an employer on behalf of the reporting organization, do not report in Schedule 14 the portion retained by that organization for per capita tax or other purposes, such as a special assessment. Any amounts retained by the intermediate body or parent body other than per capita tax must be explained in Item 69 (Additional Information). For example, if the intermediate body or parent body retained $500 of the reporting organization's dues checkoff as payment for supplies purchased from that body by the reporting organization, this should be explained in Item 69, but the $500 should not be reported as a receipt or disbursement on either organization's Form LM-2. If, however, the intermediate body or parent body disbursed part of the reporting organization's dues checkoff on that organization's behalf, this amount should be included on Schedule 14 and in the appropriate disbursement item on the reporting organization's Form LM-2. For example, if the intermediate body or parent body disbursed $500 of the reporting organization's dues checkoff to an attorney who had provided lobbying services to the reporting organization, this amount should be reported in Schedule 14 and as a disbursement in Schedule 25 (Political Activities and Lobbying) of the reporting organization's Form LM-2.

Do not report on Schedule 14 dues that the reporting organization collected on behalf of other organizations for transmittal to them. For example, if the reporting organization received dues from a member of an affiliate who worked in the reporting organization's jurisdiction, the dues collected on the affiliate's behalf must be reported on Schedule 21.

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual from which the union received $5,000 or more in dues and/or agency fees during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of business or job classification of the entity or individual from which the union received $5,000 or more in dues and/or agency fees during the reporting period.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more, which means a brief statement or description of why the union received the receipt.

Enter in Column (D) the date that the receipt of $5,000 or more was received. The format for the date must be mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of the receipt of $5,000 or more.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation Pages for this payer.

The software will enter in Line (H) the total of all itemized receipts from this payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payer for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payer. Only one payer should be reported per page.

The software will add the total amount of itemized receipts from named payers (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 14) and enter the total on Line 1 of Summary Schedule 14 on the Detailed Summary Page. The software will add the total amount of non-itemized receipts from named payers (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 14) and enter the total on Line 2 of Summary Schedule 14. Enter the total amount of all dues and agency fees from other payers during the reporting period on Line 3 of Summary Schedule 14. This is the total from your organization's books of all receipts relating to this schedule from payers who did not provide a single receipt of $5,000 or more or receipts that aggregated $5,000 or more. The software will add Lines 1 through 3 and enter the total on Line 4 of Summary Schedule 14 and in Item 36 (Dues and Agency Fees) of Statement B.

SCHEDULE 15 – PER CAPITA TAX – Report the labor organization's receipts from all per capita tax received during the reporting year by your organization if your organization is an intermediate or parent body; otherwise, report nothing in Schedule 15. Report the per capita tax portion of dues received directly by your organization from members of affiliates, per capita tax received from subordinates, either directly or through intermediaries, and the per capita tax portion of dues received through a check-off arrangement whereby local dues are remitted directly to an intermediate or parent body by employers. Do not report dues collected on behalf of subordinate organizations for transmittal to them. For example, if a parent body received dues checkoff directly from an employer and returned the local's portion of the dues, the parent body must report the dues received on behalf of the local on Schedule 21 (Receipts on Behalf of Affiliates for Transmittal to

Them).

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual from which the union received $5,000 or more in per capita taxes during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of business or job classification of the entity or individual from which the union received $5,000 or more in per capita taxes during the reporting period.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more which means a brief statement or description of why the union received the receipt.

Enter in Column (D) the date that the receipt of $5,000 or more was received. The format for the date must be mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of the receipt of $5,000 or more.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation pages for this payer.

The software will enter in Line (H) the total of all itemized receipts from this payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payer for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payer. Only one payer should be reported per page.

The software will add the total amount of itemized receipts from named payers (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 15) and enter the total on Line 1 of Summary Schedule 15 on the Detailed Summary Page. The software will add the total amount of non-itemized receipts from named payers (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 15) and enter the total on Line 2 of Summary Schedule 15. Enter the total amount of all other receipts relating to this schedule from other payers during the reporting period on Line 3 of Summary Schedule 15. This is the total from your organization's books of all per capita tax receipts from payers who did not provide a single receipt of $5,000 or more or receipts that aggregated $5,000 or more. The software will add Lines 1 through 3 and enter the total on Line 4 of Summary Schedule 15 and in Item 37 (Per Capita Tax) of Statement B.

SCHEDULE 16 – FEES, FINES, ASSESSMENTS, AND WORK PERMITS – Report the labor organization's receipts from all fees, fines, assessments, and work permits during the reporting year. Receipts by the labor organization on behalf of affiliates for transmittal to them must be reported on Schedule 21 (Receipts on Behalf of Affiliates for Transmittal to Them).

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual from which the union received $5,000 or more in fees, fines, assessments, and work permits during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of activity, business, or job classification of the entity or individual from which the union received $5,000 or more in fees, fines, assessments, and work permits during the reporting period.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more from the payer, which means a brief statement or description of why the union received the receipt.

Enter in Column (D) the date that the receipt of $5,000 or more was received. The format for the date must be mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of the receipt of $5,000 or more.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation Pages for this payer.

The software will enter in Line (H) the total of all itemized receipts from this payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payer for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payer. Only one payer should be reported per page.

The software will add the total amount of itemized receipts from named payers (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 16) and enter the total on Line 1 of Summary Schedule 16 on the Detailed Summary Page. The software will add the total amount of non-itemized receipts from named payers (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 16) and enter the total on Line 2 of Summary Schedule 16. Enter the total amount of all other receipts relating to this schedule from other payers during the reporting period on Line 3 of Summary Schedule 16. This is the total from your organization's books of all receipts relating to this schedule from payers who did not provide a single receipt of $5,000 or more or receipts that aggregated $5,000 or more. The software will add Lines 1 through 3 and enter the total on Line 4 of Summary Schedule 16 and in Item 38 (Fees, Fines, Assessments, and Work Permits) of Statement B.

SCHEDULE 17 – SALE OF SUPPLIES – Report the labor organization's receipts from all sales of supplies during the reporting period, such as union logo clothing, lapel pins, bumper stickers, etc.

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual from which the union received $5,000 or more in sales of supplies during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of activity, business, or job classification of the entity or individual from which the union received $5,000 or more for the sale of supplies during the reporting period.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more from the payer, which means a brief statement or description of why the union received the receipt.

Enter in Column (D) the date that the receipt of $5,000 or more was received. The format for the date must be

mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of the receipt of $5,000 or more.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation Pages for this payer.

The software will enter in Line (H) the total of all itemized receipts from this payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payer for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payer. Only one payer should be reported per page.

The software will add the total amount of itemized receipts from named payers (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 17) and enter the total on Line 1 of Summary Schedule 17 on the Detailed Summary Page. The software will add the total amount of non-itemized receipts from named payers (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 17) and enter the total on Line 2 of Summary Schedule 17. Enter the total amount of all other receipts relating to this schedule from other payers during the reporting period on Line 3 of Summary Schedule 17. This is the total from your organization's books of all receipts relating to this schedule from payers who did not provide a single receipt of $5,000 or more or receipts that aggregated $5,000 or more. The software will add Lines 1 through 3 and enter the total on Line 4 of Summary Schedule 17 and in Item 39 (Sales of Supplies) of Statement B.

SCHEDULE 18 – INTEREST – Report the labor organization's receipt of interest from savings accounts, bonds, mortgages, loans, and all other sources during the reporting period.

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual from which the union received $5,000 or more in interest during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of activity, business or job classification of the entity or individual from which the union received $5,000 or more in interest during the reporting period.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more from the payer, which means a brief statement or description of why the union received the receipt.

Enter in Column (D) the date that the receipt of $5,000 or more was received. The format for the date must be mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of the receipt of $5,000 or more.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation Pages for this payer.

The software will enter in Line (H) the total of all itemized receipts from this payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payer for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payer. Only one payer should be reported per page.

The software will add the total amount of itemized receipts from named payers (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 18) and enter the total on Line 1 of Summary Schedule 18 on the Detailed Summary Page. The software will add the total amount of non-itemized receipts from named payers (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 18) and enter the total on Line 2 of Summary Schedule 18. Enter the total amount of all other receipts relating to this schedule from other payers during the reporting period on Line 3 of Summary Schedule 18. This is the total from your organization's books of all receipts relating to this schedule from payers who did not provide a single receipt of $5,000 or more or receipts that aggregated $5,000 or more. The software will add Lines 1 through 3 and enter the total on Line 4 of Summary Schedule 18 and in Item 40 (Interest) of Statement B.

SCHEDULE 19 – DIVIDENDS – Report the labor organization's receipts from all dividends from stocks and other investments received by the labor organization during the reporting period. Do not include "dividends" from credit unions, savings and loan associations, etc., which must be reported in Schedule 18 (Interest).

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual from which the union received $5,000 or more in dividends during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of activity, business, or job classification of the entity or individual from which the union received $5,000 or more in dividends during the reporting period.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more from the payer, which means a brief statement or description of why the union received the receipt.

Enter in Column (D) the date that the receipt of $5,000 or more was received. The format for the date must be mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of the receipt of $5,000 or more.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation Pages for this payer.

The software will enter in Line (H) the total of all itemized receipts from this payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payer for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payer. Only one payer should be reported per page.

The software will add the total amount of itemized receipts from named payers (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 19) and enter the total on Line 1 of Summary Schedule 19 on the Detailed Summary Page. The software will add the total amount of non-itemized receipts from named payers (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 19) and enter the total on Line 2 of Summary Schedule 19. Enter the total amount of all other receipts relating to this schedule from other payers during the reporting period on Line 3 of Summary Schedule 19. This is the total from your organization's books of all receipts relating to this schedule from payers who did not provide a single receipt of $5,000 or more or receipts that aggregated $5,000 or more. The software will add Lines 1 through 3 and enter the total on Line 4 of Summary Schedule 19 and in Item 41 (Dividends) of Statement B.

SCHEDULE 20 – RENTS – Report the labor organization's receipts from all rents during the reporting period.

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual from which the union received $5,000 or more in rent during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of activity, business, or job classification of the entity or individual from which the union received $5,000 or more in rent during the reporting period.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more from the payer, which means a brief statement or description of why the union received the receipt.

Enter in Column (D) the date that the receipt of $5,000 or more was received. The format for the date must be mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of the receipt of $5,000 or more.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation Pages for this payer.

The software will enter in Line (H) the total of all itemized receipts from this payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payer for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payer. Only one payer should be reported per page.

The software will add the total amount of itemized receipts from named payers (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 20) and enter the total on Line 1 of Summary Schedule 20 on the Detailed Summary Page. The software will add the total amount of non-itemized receipts from named payers (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 20) and enter the total on Line 2 of Summary Schedule 20. Enter the total amount of all other receipts relating to this schedule from other payers during the reporting period on Line 3 of Summary Schedule 20. This is the total from your organization's books of all receipts relating to this schedule from payers who did not provide a single receipt of $5,000 or more or receipts that

aggregated $5,000 or more. The software will add Lines 1 through 3 and enter the total on Line 4 of Summary Schedule 20 and in Item 42 (Rents) of Statement B.

SCHEDULE 21 – RECEIPTS ON BEHALF OF AFFILIATES FOR TRANSMITTAL TO THEM – Report the labor organization's receipts from all dues, fees, fines, assessments, and work permit fees received by the labor organization, through a check-off arrangement or otherwise, on behalf of affiliates for transmittal to them. Do not report the receipts withheld by the labor organization for per capita taxes or other purposes, such as loan repayments, which must be reported elsewhere in Statement B. When the receipts reported in Schedule 21 are transmitted, the disbursement must be reported in related Item 63 (To Affiliates of Funds Collected on Their Behalf).

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual from which the union received $5,000 or more in receipts during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of business or job classification of the entity or individual from which the union received $5,000 or more in receipts on behalf of affiliates for transmittal to them during the reporting period.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more from the payer, which means a brief statement or description of why the union received the receipt.

Enter in Column (D) the date that the receipt of $5,000 or more was received. The format for the date must be mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of the receipt of $5,000 or more.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation Pages for this payer.

The software will enter in Line (H) the total of all itemized receipts from this payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payer for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payer. Only one payer should be reported per page.

The software will add the total amount of itemized receipts from named payers (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 21) and enter the total on Line 1 of Summary Schedule 21 on the Detailed Summary Page. The software will add the total amount of non-itemized receipts from named payers (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 21) and enter the total on Line 2 of Summary Schedule 21. Enter the total amount of all other receipts relating to this schedule from other payers during the reporting period on Line 3 of Summary Schedule 21. This is the total from your organization's books of all receipts relating to this schedule from payers who did not provide a single receipt of $5,000 or more or receipts that aggregated $5,000 or more. The software will add Lines 1 through 3 and enter the total on Line 4 of Summary Schedule 21 and in Item 46 (Receipts On Behalf of Affiliates for Transmittal to Them) of

Statement B.

SCHEDULE 22 – RECEIPTS FROM MEMBERS FOR DISBURSEMENT ON THEIR BEHALF – Report the labor organization's receipts during the reporting period from members that are specifically designated by them for disbursement on their behalf; for example, contributions from members for transmittal by the labor organization to charities. When receipts that are reported in Schedule 22 are transmitted, the disbursement must be reported in related Item 64 (Disbursements on Behalf of Individual Members).

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual from which the union received $5,000 or more in receipts during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of activity, business, or job classification of the entity or individual from which the union received $5,000 or more in receipts from members for disbursement on their behalf during the reporting period.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more from the payer, which means a brief statement or description of why the union received the receipt.

Enter in Column (D) the date that the receipt of $5,000 or more was received. The format for the date must be mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of the receipt of $5,000 or more.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation Pages for this payer.

The software will enter in Line (H) the total of all itemized receipts from this payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payer for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payer. Only one payer should be reported per page. If the Itemization Page does not provide enough space, the continuation Pages should be used to report additional receipts from the payer.

The software will add the total amount of itemized receipts from named payers (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 22) and enter the total on Line 1 of Summary Schedule 22 on the Detailed Summary Page. The software will add the total amount of non-itemized receipts from named payers (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 22) and enter the total on Line 2 of Summary Schedule 22. Enter the total amount of all other receipts relating to this schedule from other payers during the reporting period on Line 3 of Summary Schedule 22. This is the total from your organization's books of all receipts relating to this schedule from payers who did not provide a single receipt of $5,000 or more or receipts that aggregated $5,000 or more. The software will add Lines 1 through 3 and enter the total on Line 4 of Summary Schedule 22 and in Item 47 (Receipts From Members for Disbursement on Their Behalf) of Statement B.

SCHEDULE 23 – OTHER RECEIPTS — Report the labor organization's receipts from all sources during the reporting period, other than those that must be reported elsewhere in Statement B, such as reimbursements from officers and employees for excess expense payments or travel advances not reported as loans in Schedule 2 (Loans Receivable); receipts from fundraising activities such as raffles, bingo games, and dances; funds received from a parent body, other unions, or the public for strike fund assistance; and receipts from another labor organization which merged into the labor organization.

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual from which the union received $5,000 or more in Other Receipts during the reporting period. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of activity, business, or job classification of the entity or individual from which the union received $5,000 or more in Other Receipts during the reporting period.

Enter in Column (C) the purpose of each individual receipt of $5,000 or more from the payer in sufficient detail to determine why the receipt cannot be allocated to another schedule.

Enter in Column (D) the date that the receipt of $5,000 or more was received. The format for the date must be mm/dd/yyyy. The date of receipt for reporting purposes is the date the labor organization actually received the money.

Enter in Column (E) the amount of the receipt of $5,000 or more.

The software will enter in Line (F) the total of all transactions listed in Column (E).

The software will enter in Line (G) the totals from any continuation Pages for this payer.

The software will enter in Line (H) the total of all itemized receipts from this payer (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized receipts from this payer (that is, all individual receipts of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with the payer for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payer. Only one payer should be reported per page. If the Itemization Page does not provide enough space, the continuation Pages should be used to report additional receipts from the payer. The software will add the total amount of itemized receipts from named payers (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 23) and enter the total on Line 1 of Summary Schedule 23 on the Detailed Summary Page. The software will add the total amount of non-itemized receipts from named payers (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 23) and enter the total on Line 2 of Summary Schedule 23. Enter the total amount of all other receipts relating to this schedule from other payers during the reporting period on Line 3 of Summary Schedule 23. This is the total from your organization's books of all receipts relating to this schedule from payers who did not provide a single receipt of $5,000 or more or receipts that aggregated $5,000 or more. The software will add Lines 1 through 3 and enter the total on Line 4 of Summary Schedule 23 and in Item 48 (Other Receipts) of Statement B.

SCHEDULE 24 – REPRESENTATIONAL ACTIVITIES – Report the labor organization's direct and indirect disbursements to all entities and

individuals during the reporting period associated with preparation for, and participation in, the negotiation of collective bargaining agreements and the administration and enforcement of the agreements made by the labor organization. Do not include strike benefits that must be reported in Item 57 (Strike Benefits) of Statement B. The union must also report disbursements associated with efforts to become the exclusive bargaining representative for any unit of employees, or to keep from losing a unit in a decertification election or to another labor organization, or to recruit new members.

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the city and state are sufficient.

Enter in Column (B) the type of activity, business, or job classification of the entity or individual to which the union disbursed $5,000 or more for Representational Activities during the reporting period, such as printing company, office supplies vendor, legal counsel, etc.

Enter in Column (C) the purpose of the disbursement of $5,000 or more, which means a brief statement or description of the reason the disbursement was made. Examples of adequate descriptions include the following: contract negotiation, grievance arbitration, litigation regarding the interpretation of a collective bargaining agreement, preparing organizing campaign pamphlets, staffing a help desk, opposition research, litigation regarding representation issues, litigation regarding a refusal to bargain, etc. Neither the name of the employer nor the specific bargaining unit that is the subject of the organizing activity need be identified.

Enter in Column (D) the date that the disbursement of $5,000 or more was made. The format for the date must be mm/dd/yyyy. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money.

Enter in Column (E) the amount of the disbursement of $5,000 or more.
The software will enter in Line (F) the total of all disbursements listed in Column (E).

The software will enter in Line (G) the totals from any Continuation Pages for this payee.

The software will enter in Line (H) the total of all itemized disbursements to this payee (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized disbursements to this payee (that is, all individual disbursements of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with this payee for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payee. Only one payee should be reported per page. If the Itemization Page does not provide enough space, the continuation Page(s) should be used to report additional disbursements to the payee.

The software will add the total amount of itemized disbursements to named payees (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 24) and enter the total on Line 1 of Summary Schedule 24 on the Detailed Summary Page. The software will add the total amount of non-itemized disbursements to named payees (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 24) and enter the total on Line 2 of Summary Schedule 24. The software will enter in Line 3 of Summary Schedule 24 the total of all disbursements to officers allocated to the schedule. This is the sum of the

amounts that correspond to the percentages entered in Line (J) of Schedule 11. The software will enter in Line 4 of Summary Schedule 24 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of Schedule 12. Enter the total amount of all other disbursements relating to this schedule made to other payees during the reporting period on Line 5 of Summary Schedule 24. This is the total from your organization's books of all disbursements relating to this schedule made to payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more. The software will add Lines 1 through 5 and enter the total on Line 6 of Summary Schedule 24 and in Item 50 (Representational Activities) of Statement B.

SCHEDULE 25 – POLITICAL ACTIVITIES AND LOBBYING– Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with political disbursements or contributions in money. Also report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with dealing with the executive and legislative branches of the Federal, state, and local governments and with independent agencies and staffs to advance the passage or defeat of existing or potential laws or the promulgation or any other action with respect to rules or regulations (including litigation expenses). It does not matter whether the lobbying attempt succeeds.

A political disbursement or contribution is one that is intended to influence the selection, nomination, election, or appointment of anyone to a Federal, state, or local executive, legislative or judicial public office, or office in a political organization, or the election of Presidential or Vice Presidential electors, and support for or opposition to ballot referenda. It does not matter whether the attempt succeeds. Include disbursements for communications with members (or agency fee paying nonmembers) and their families for registration, get-out-the-vote and voter education campaigns, the expenses of establishing, administering and soliciting contributions to union segregated political funds (or PACs), disbursements to political organizations as defined by the IRS in 26 U.S.C. 527, and other political disbursements.

For all major disbursements in this category:

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the union may report only the city and state.

Enter in Column (B) the type of business or job classification of the entity or individual to which the union disbursed $5,000 or more for Political Activities and Lobbying during the reporting period, such as campaign advisor, lobbyist, marketing firm, fund raiser, think tank, issue advocacy group, printing company, office supplies vendor, legal counsel, etc.

Enter in Column (C) the purpose of the disbursement of $5,000 or more, which means a brief statement or description of the reason the disbursement was made. Examples of adequate descriptions include the following: a registration drive, get-out-the-vote campaign, voter education campaign, fund raising, advocating or opposing legislation (including litigation challenging such legislation) advocating or opposing regulations (including litigation challenging such regulations), etc. The specific campaign, legislation, regulation, referendum, etc. should be identified whenever possible. Distinguish between activities in the United States and

activities in foreign countries.

Enter in Column (D) the date that the disbursement of $5,000 or more was made. The format for the date must be mm/dd/yyyy. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money.

Enter in Column (E) the amount of the disbursement of $5,000 or more.

The software will enter in Line (F) the total of all disbursements listed in Column (E).

The software will enter in Line (G) the totals from any continuation Pages for this payee.

The software will enter in Line (H) the total of all itemized disbursements to this payee (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized disbursements to this payee (that is, all individual disbursements of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with this payee for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payee. Only one payee should be reported per page. If the Itemization Page does not provide enough space, the continuation Page(s) should be used to report additional disbursements to the payee.

The software will add the total amount of itemized disbursements to named payees (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 25). The software will enter the total on Line 1 of Summary Schedule 25 on the Detailed Summary Page. Add the total amount of non-itemized disbursements to named payees (the sum of the amounts entered in Line (I) on all Initial Itemization Pages for Schedule 25). The software will enter the total on Line 2 of Summary Schedule 25. The software will also enter in Line 3 of Summary Schedule 25 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of Schedule 11. The software will enter in Line 4 of Summary Schedule 25 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of Schedule 12. Enter the total amount of all other disbursements relating to other payees during the reporting period on Line 5 of Summary Schedule 25. This is the total from your organization's books of all disbursements relating to this schedule made to payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more. The software will add Lines 1 through 5 and enter the total on Line 6 of Summary Schedule 25 and in Item 51 (Political Activities and Lobbying) of Statement B.

SCHEDULE 26 – CONTRIBUTIONS, GIFTS, AND GRANTS – Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with contributions, gifts, and grants, other than those listed on Schedules 24, 25, and 29. Include, for example, charitable contributions, contributions to scholarship funds, etc.

For all major disbursements in this category:

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the union may report only the city and state.

Enter in Column (B) the type of business

or job classification of the entity or individual to which the union disbursed $5,000 or more in Contributions, Gifts, and Grants during the reporting period, such as charity, scholarship fund, state or local affiliate, etc.

Enter in Column (C) the purpose of the disbursement of $5,000 or more, which means a brief statement or description of the reason the disbursement was made. Examples of adequate descriptions include the following: medical research, community development, job retraining, education, disaster and relief assistance, athletic and youth sponsorships, etc.

Enter in Column (D) the date that the disbursement of $5,000 or more was made. The format for the date must be mm/dd/yyyy. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money.

Enter in Column (E) the amount of the disbursement of $5,000 or more.

The software will enter in Line (F) the total of all disbursements listed in Column (E).

The software will enter in Line (G) the totals from any Continuation Pages for this payee.

The software will enter in Line (H) the total of all itemized disbursements to this payee (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized disbursements to this payee (that is, all individual disbursements of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with this payee for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payee. Only one payee should be reported per page. If the Itemization Page does not provide enough space, the continuation pages should be used to report additional disbursements to the payee.

The software will total the itemized disbursements to named payees (the amounts entered in Line (H) on all Itemization Pages for Schedule 26) and enter that amount on Line 1 of Summary Schedule 26 on the Detailed Summary Page. The software will total the non-itemized disbursements to named payees (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 26) and enter that amount on Line 2 of Summary Schedule 26. The software will enter in Line 3 of Summary Schedule 26 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of Schedule 11. The software will enter in Line 4 of Summary Schedule 26 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of Schedule 12. Enter the total amount of all other disbursements relating to this schedule made to other payees during the reporting period on Line 5 of Summary Schedule 26. This is the total from your organization's books of all disbursements relating to this schedule made to payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more. The software will total Lines 1 through 5 and enter that amount on Line 6 of Summary Schedule 26 and in Item 52 (Contributions, Gifts and Grants) of Statement B.

SCHEDULE 27 – GENERAL OVERHEAD – Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with general overhead that cannot be allocated to any of the other disbursement categories in Statement B.

Some disbursements for overhead do not support a specific function, so these disbursements should be reported in this schedule. Include support personnel at

the labor organization's headquarters, such as building maintenance personnel and security guards, and other overhead costs. Not all support staff should be included in General Overhead. For instance, the salary of an assistant, whenever possible, should be allocated at the same ratio as the person or persons to whom they provide support.

For all major disbursements in this category:

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the union may report only the city and state.

Enter in Column (B) the type of business or job classification of the entity or individual to which the union disbursed $5,000 or more for General Overhead during the reporting period, such as office supplies vendor, landlord, mortgage lender, cleaning firm, security firm, etc.

Enter in Column (C) the purpose of the disbursement of $5,000 or more, in sufficient detail to determine why the disbursement cannot be allocated to another schedule.

Enter in Column (D) the date that the disbursement of $5,000 or more was made. The format for the date must be mm/dd/yyyy. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money.

Enter in Column (E) the amount of the disbursement of $5,000 or more.

The software will enter in Line (F) the total of all disbursements listed in Column (E).

The software will enter in Line (G) the totals from any Continuation Pages for this payee.

The software will enter in Line (H) the total of all itemized disbursements to this payee (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized disbursements to this payee (that is, all individual disbursements of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with this payee for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payee. Only one payee should be reported per page. If the Itemization Page does not provide enough space, continuation pages should be used to report additional disbursements to the payee.

The software will total the itemized disbursements to named payees (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 27) and enter that amount on Line 1 of Summary Schedule 27 on the Detailed Summary Page. The software will total the non-itemized disbursements to named payees (the sum of the amounts entered in Line (I) on all Itemization Pages for Schedule 27) and enter that amount on Line 2 of Summary Schedule 27. The software will enter in Line 3 of Summary Schedule 27 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of Schedule 11. The software will enter in Line 4 of Summary Schedule 27 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of Schedule 12. Enter the total amount of all other disbursements relating to this schedule made to other payees during the reporting period on Line 5 of Summary Schedule 27. This is the total from your

organization's books of all disbursements relating to this schedule made to payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more. The software will add Lines 1 through 5 and enter the total on Line 6 of Summary Schedule 27 and in Item 53 (General Overhead) of Statement B.

SCHEDULE 28 – UNION ADMINISTRATION — Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with union administration. Union administration includes disbursements relating to the nomination and election of union officers, the union's regular membership meetings, intermediate, national and international meetings, union disciplinary proceedings, the administration of trusteeships, and the administration of apprenticeship and member education programs (not including political education which should be reported in Schedule 25).

For all major disbursements in this category:

Enter in Column (A) of an Itemization Page the full name and business address of the entity or individual to which the disbursement was made. Do not abbreviate the name of the entity or individual. If you do not know and cannot reasonably obtain the full address of the entity or individual, the union may report only the city and state.

Enter in Column (B) the type of business or job classification of the entity or individual to which the union disbursed $5,000 or more for Union Administration during the reporting period, such as printing company, office supplies vendor, legal counsel, etc.

Enter in Column (C) the purpose of the disbursement of $5,000 or more in sufficient detail to determine why the disbursement cannot be allocated to another schedule. For example, printing of election ballots, rental of meeting facilities for a union convention, printing of transcripts of trusteeship hearing, etc.

Enter in Column (D) the date that the disbursement of $5,000 or more was made. The format for the date must be mm/dd/yyyy. The date of disbursement for reporting purposes is the date the labor organization actually disbursed the money.

Enter in Column (E) the amount of the disbursement of $5,000 or more.

The software will enter in Line (F) the total of all disbursements listed in Column (E).

The software will enter in Line (G) the totals from any continuation pages for this payee.

The software will enter in Line (H) the total of all itemized disbursements to this payee (the sum of Lines (F) and (G)).

Enter in Line (I) the total of all non-itemized disbursements to this payee (that is, all individual disbursements of less than $5,000 each).

The software will enter in Line (J) the total of all transactions with this payee for this schedule (the sum of Lines (H) and (I)).

An Itemization Page must be completed for each payee. Only one payee should be reported per page. If the Itemization Page does not provide enough space, continuation pages should be used to report additional disbursements to the payee.

The software will total the itemized disbursements to named payees (the sum of the amounts entered in Line (H) on all Itemization Pages for Schedule 28) and enter that amount on Line 1 of Summary Schedule 28 on the Detailed Summary Page. The software will total the non-itemized disbursements to named payees (the sum of the amounts entered in Line

(I) on all Itemization Pages for Schedule 28) and enter that amount on Line 2 of Summary Schedule 28. The software will enter in Line 3 of Summary Schedule 28 the total of all disbursements to officers allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of Schedule 11. The software will enter in Line 4 of Summary Schedule 28 the total of all disbursements to employees allocated to the schedule. This is the sum of the amounts that correspond to the percentages entered in Line (J) of Schedule 12. Enter the total amount of all other disbursements relating to this schedule made to other payees during the reporting period on Line 5 of Summary Schedule 28. This is the total from your organization's books of all disbursements relating to this schedule made to payees who did not have a single disbursement of $5,000 or more or disbursements that aggregated $5,000 or more. The software will total Lines 1 through 5 and enter that amount on Line 6 of Summary Schedule 28 and in Item 54 (Union Administration) of Statement B.

SCHEDULE 29 – BENEFITS – [Note: Do not use the Itemization Pages for Schedule 29. Instead use the separate Schedule 29] Report the labor organization's direct and indirect disbursements to all entities and individuals during the reporting period associated with direct and indirect benefits for members, and their beneficiaries or others. Benefit disbursements to be reported in Schedule 29 include, for example, disbursements for life insurance, health insurance, and pensions. Do not include disbursements for benefits for the labor organization's officers, which must be reported in Schedule 11 or for the labor organization's employees, which must be reported in Schedule 12.

Direct benefit disbursements are those made to individuals from the labor organization's funds. Indirect benefit disbursements are those made from the labor organization's funds to a separate and independent entity, such as a trust or insurance company, which in turn and under certain conditions will pay benefits to the covered individuals. An example of an indirect benefit disbursement is the premium on group life insurance.

Enter in Column (A) the type of benefit, such as pension, welfare, etc.

Enter in Column (B) to whom payment was made; for example, union members, insurance company, etc. Individual union members and their beneficiaries are not required to be listed by name.

Enter in Column (C) the amount disbursed for each type of benefit.

The software will enter on Line 22 the total from any continuation pages. The software will total Lines 1 through 22 and enter that amount on Line 23 and in Item 55 (Benefits) of Statement B.

STATEMENT A
ASSETS AND LIABILITIES

ASSETS

The software will pre-fill Columns A and C (Start of Reporting Period) from your organization's report for the previous fiscal year. If the data is inaccurate, however, it can be edited manually. Be sure to explain any changes in Item 69.

22. CASH — The software will pre-fill Column (A). Enter the total of all the labor organization's cash on hand and on deposit at the end of the reporting period in Column (B). Include all cash on hand, such as undeposited cash, checks, and money orders; petty cash; and cash in safe deposit boxes. Cash on deposit includes funds in banks, credit unions, and other financial institutions, such as checking accounts, savings accounts, certificates of deposit, and money market accounts. Also, include any interest credited to the labor organization's account during the reporting period.

NOTE: The checking account balances reported should be obtained from the labor organization's books as reconciled with the balances shown on bank statements.

23. ACCOUNTS RECEIVABLE — Ordinarily, accounts receivable are moneys due for goods sold or services rendered evidenced by notes, statements, invoices, or other written evidence of a present obligation. The software will pre-fill Column (A). The software will enter in Column (B) the total of all gross accounts receivable at the end of the reporting period from Line 28, Column B of Schedule 1 (Accounts Receivable Aging Schedule). If accounts receivable are carried on the labor organization's books at net (gross accounts receivable less the allowance for doubtful accounts), the labor organization may report the allowance for doubtful accounts in Item 69 (Additional Information).

24. LOANS RECEIVABLE — The software will pre-fill Column (A) with the total of all gross loans receivable at the start of the reporting period, which is also reported on Line 6, Column (B) of Schedule 2 (Loans Receivable). The software will enter the total of all gross loans receivable at the end of the reporting period in Column (B) from Line 6, Column (E) of Schedule 2.

25. U.S. TREASURY SECURITIES — The software will pre-fill Column (A). Enter the total value of all U.S. Treasury securities as shown on the labor organization's books at the end of the reporting period in Column (B). If the value reported is different from the original cost, the original cost must be reported in Item 69 (Additional Information). Other U.S. Government obligations, state and municipal bonds, and foreign government securities must be reported in Schedule 5 (Investments Other Than U.S. Treasury Securities) under "Marketable Securities" and in Item 26 (Investments).

26. INVESTMENTS — The software will pre-fill Column (A) with the total book value at the start of the reporting period of all investments other than U.S. Treasury securities, which are reported in Item 25 (U.S. Treasury Securities). The software will enter in Column (B) the total reported on Line 7 of Schedule 5 (Investments Other Than U.S. Treasury Securities).

27. FIXED ASSETS — The software will pre-fill Column (A) with the total value as shown on the labor organization's books at the start of the reporting period of all fixed assets, such as land, buildings, automobiles, and office furniture and equipment. The software will enter in Column (B) the total reported on Line 8, Column (D) of Schedule 6 (Fixed Assets).

28. OTHER ASSETS — The software will pre-fill Column (A) with the total value as shown on the labor organization's books at the start of the reporting period of all assets not reported in Items 22 through 27. The software will enter in Column (B) the total reported on Line 15 of Schedule 7 (Other Assets).

29. TOTAL ASSETS — The software will total Items 22 through 28, Columns (A) and (B), and enter the respective amounts in Item 29.

LIABILITIES

30. ACCOUNTS PAYABLE — Ordinarily, accounts payable are those obligations incurred on an open account for goods and services rendered. The software will pre-fill Column (C) with the total of all gross accounts payable at the start of the reporting period. The software will enter the total of all gross accounts payable at the end of the reporting period in Column (D) from Line 28, Column B of Schedule 8 (Accounts Payable Aging Schedule).

31. LOANS PAYABLE — The software will pre-fill Column (C) with the total of all gross loans payable at the start of the reporting period, which is also reported on Line 13, Column (B) of Schedule 9 (Loans

Payable). The software will enter the total of all gross loans payable at the end of the reporting period in Column (D) and on Line 13, Column (E) of Schedule 9.

32. MORTGAGES PAYABLE — The software will pre-fill Column (C) with the total amount of the labor organization's obligations that were secured by mortgages or similar liens on real property (land or buildings) at the start of the reporting period. Enter the amount at the end of the reporting period in Column (D).

33. OTHER LIABILITIES — The software will pre-fill Column (C) with the total amount as shown on the labor organization's books at the start of the reporting period of all liabilities not reported in Items 30 through 32. The software will enter in Column (D) the total reported on Line 14 of Schedule 10 (Other Liabilities).

34. TOTAL LIABILITIES — The software will total Items 30 through 33, Columns (C) and (D), and enter the respective amounts in Item 34.

35. NET ASSETS — The software will subtract Item 34 (Total Liabilities), Column (C) from Item 29 (Total Assets), Column (A) and enter the difference in Item 35, Column (C). The software will also subtract Item 34, Column (D) from Item 29, Column (B) and enter the difference in Item 35, Column (D).

STATEMENT B RECEIPTS AND DISBURSEMENTS

Under Statement B, receipts must be recorded when money is actually received by the labor organization and disbursements must be recorded when money is actually paid out by the labor organization.

The purpose of Statement B is to report the flow of cash in and out of the labor organization during the reporting period. Transfers between separate bank accounts or between special funds of the labor organization, such as vacation or strike funds, do not represent the flow of cash in and out of the labor organization. Therefore, these transfers should not be reported as receipts and disbursements of the labor organization. For example, do not report a transfer of cash from the labor organization's savings account to its checking account. Likewise, the use of funds reported in Item 22 (Cash) of Statement A to purchase certificates of deposit and the redemption of certificates of deposit should not be reported in Statement B.

Since Statement B reports all cash flowing in and out of the labor organization, "netting" is not permitted. "Netting" is the offsetting of receipts against disbursements and reporting only the balance (net) as either a receipt or disbursement. For example, if an officer received $1,000 from the labor organization for convention expenses, used only $800 and returned the remaining $200, the $1,000 disbursement must be reported in Schedule 11 (All Officers and Disbursements to Officers) and the appropriate disbursement Schedule 24 through 28, and the $200 receipt must be reported in Schedule 23 (Other Receipts). It would be incorrect to report only an $800 net disbursement to the officer.

Receipts and disbursements by an agent on behalf of the labor organization are considered receipts and disbursements of the labor organization and must be reported in the same detail as other receipts and disbursements. For example, if the labor organization owns a building managed by a rental agent, the agent's rental receipts and disbursements for expenses must be reported on the labor organization's Form LM-2. Also, if the labor organization's parent body or an intermediate body functions as an agent receiving and disbursing funds of the labor organization to third parties, these receipts and disbursements must be reported on

the labor organization's Form LM-2. For example, if a parent body receives the labor organization's dues and makes disbursements from that money to pay the labor organization's bills (such as payments to an attorney for legal services), those receipts and disbursements must be reported on the labor organization's Form LM-2.

CASH RECEIPTS

36. DUES AND AGENCY FEES – The software will enter the total reported on Summary Schedule 14, Line 4.

37. PER CAPITA TAX — The software will enter the total reported on Summary Schedule 15, Line 4.

38. FEES, FINES, ASSESSMENTS, WORK PERMITS — The software will enter the total reported on Summary Schedule 16, Line 4.

39. SALE OF SUPPLIES — The software will enter the total reported on Summary Schedule 17, Line 4.

40. INTEREST — The software will enter the total reported on Summary Schedule 18, Line 4.

41. DIVIDENDS — The software will enter the total reported on Summary Schedule 19, Line 4.

42. RENTS — The software will enter the total reported on Summary Schedule 20, Line 4.

43. SALE OF INVESTMENTS AND FIXED ASSETS — The software will enter the total reported on Line (6) of Schedule 3 (Sale of Investments and Fixed Assets).

44. LOANS OBTAINED — The software will enter the total reported on Line 13, Column (C) of Schedule 9 (Loans Payable).

45. REPAYMENTS OF LOANS MADE — The software will enter the total reported on Line 6, Column (D)(1) of Schedule 2 (Loans Receivable).

46. ON BEHALF OF AFFILIATES FOR TRANSMITTAL TO THEM — The software will enter the total reported on Summary Schedule 21, Line 4.

47. FROM MEMBERS FOR DISBURSEMENT ON THEIR BEHALF — The software will enter the total reported on Summary Schedule 22, Line 4.

48. OTHER RECEIPTS — The software will enter the total reported on Summary Schedule 23, Line 4.

49. TOTAL RECEIPTS — The software will add Items 36 through 48 and enter the total in Item 49.

CASH DISBURSEMENTS

50. REPRESENTATIONAL ACTIVITIES – The software will enter the total from Summary Schedule 24, Line 6.

51. POLITICAL ACTIVITIES AND LOBBYING– The software will enter the total from Summary Schedule 25, Line 6.

52. CONTRIBUTIONS, GIFTS, AND GRANTS – The software will enter the total from Summary Schedule 26, Line 6.

53. GENERAL OVERHEAD – The software will enter the total from Summary Schedule 27, Line 6.

54. UNION ADMINISTRATION – The software will enter the total from Summary Schedule 28, Line 6.

55. BENEFITS – The software will enter the total from Line 23 of Schedule 29.

56. PER CAPITA TAX — Enter your organization's total amount of per capita tax paid as a condition or requirement of affiliation with your parent national or international union, state and local central bodies, a conference, joint or system board, joint council, federation, or other

labor organization.

57. STRIKE BENEFITS – Enter the total amount of all disbursements made to, or on behalf of the members (or agency fee paying nonmembers) of the labor organization, and others, associated with strikes (including recognitional strikes), work stoppages and lockouts during the reporting period.

58. FEES, FINES, ASSESSMENTS, ETC. — Enter the total amount of fees, fines, assessments, and similar disbursements made by the labor organization to a parent body or other labor organization.

59. SUPPLIES FOR RESALE — Enter the labor organization's total disbursements for purchases of supplies such as union logo clothing, lapel pins, bumper stickers, etc. for resale.

60. PURCHASE OF INVESTMENTS AND FIXED ASSETS — The software will enter the total reported on Line (6) of Schedule 4 (Purchase of Investments and Fixed Assets).

61. LOANS MADE — The software will enter the total reported on Line 6, Column (C) of Schedule 2 (Loans Receivable).

62. REPAYMENT OF LOANS OBTAINED — The software will enter the total reported on Line 13, Column (D)(1) of Schedule 9 (Loans Payable).

63. TO AFFILIATES OF FUNDS COLLECTED ON THEIR BEHALF — Enter the total disbursements of funds collected on behalf of affiliates by the labor organization. This amount usually is the same as the amount reported in related Item 46 (On Behalf of Affiliates for Transmittal to Them). Any such funds not disbursed by the end of the reporting period are liabilities of the labor organization and must be reported in Schedule 10 (Other Liabilities).

64. ON BEHALF OF INDIVIDUAL MEMBERS — Enter the total disbursements of funds collected from members by the labor organization that were specifically designated by them for disbursement on their behalf. This amount usually is the same as the amount reported in related Item 47 (Cash Receipts from Members for Disbursement on Their Behalf). Any such funds not disbursed by the end of the reporting period are liabilities of the labor organization and must be reported in Schedule 10 (Other Liabilities).

65. DIRECT TAXES – Enter all taxes assessed against and paid by your organization, including your organization's FICA taxes as an employer. Do not include disbursements for the transmittal of taxes withheld from the salaries of officers and employees which must be reported in Item 67 (Withholding Taxes and Other Payroll Deductions). Also, do not include indirect taxes, such as sales and excise taxes, for purchases reported in other disbursement items.

66. SUBTOTAL — The software will add Items 50 through 65 and enter the result in Item 66.

67. WITHHOLDING TAXES AND OTHER PAYROLL DEDUCTIONS –

a. Total Withheld—Enter the total amount of withholding taxes and all other payroll deductions during the reporting period.

b. Total Disbursed—Enter the total amount of withholding taxes and all other payroll deductions that were disbursed by your organization during the reporting period. This includes your organization's total disbursements to Federal, state, county, and municipal government agencies for the transmittal of taxes withheld from the salaries of officers and employees, including officers' and employees' portion of FICA taxes and all disbursements for the transmittal of other payroll deductions.

c. Total Withheld But Not Disbursed—The software will subtract Item 67b from Item 67a and enter the result in Item 67c.

68. TOTAL DISBURSEMENTS – The software will subtract Item 67c from Item 66 and enter the result in Item 68.

NOTE: The following worktable may be used to determine that the figures for receipts, disbursements, and cash are correctly reported on the labor organization's Form LM-2:

A. Cash at Start of Reporting Period — Item 22, Column (A)	$
B. Add: Total Receipts — Item 49	$
C. Total of Lines A and B	$
D. Subtract: Total Disbursements — Item 68	$
E. Cash at End of Period	$

If Line E does not equal the amount reported in Item 22, Column (B), there is an error in the labor organization's report, which should be corrected.

ADDITIONAL INFORMATION AND SIGNATURES

69. ADDITIONAL INFORMATION — Use Item 69 to provide additional information as indicated on Form LM-2 and in these instructions. Enter the number of the item to which the information relates in the Item Number column if the software has not entered the number.

70-71. OFFICER TELEPHONE NUMBERS AND SIGNATURES — Before entering the date and signing the form, enter the telephone number at which the signatories conduct official business.

The completed Form LM-2 that is filed with OLMS must be signed by both the president and treasurer, or corresponding principal officers, of the labor organization. If an officer other than the president or treasurer performs the duties of the principal executive or principal financial officer, the other officer may sign the report. If an officer other than the president or treasurer signs the report, enter the correct title in the title field next to the signature and explain in Item 69 (Additional Information) why the president or treasurer did not sign the report. Forms must be signed with digital signatures. Information about digital signatures can be obtained on the OLMS Web site at http://www.olms.dol.gov.

XII. LABOR ORGANIZATIONS THAT HAVE CEASED TO EXIST

If a labor organization has gone out of existence as a reporting labor organization, the last president and treasurer or the officials responsible for winding up the affairs of the labor organization must file a terminal financial report for the period from the beginning of the fiscal year to the date of termination. A terminal financial report must be filed if the labor organization has gone out of business by disbanding, merging into another organization, or being merged and consolidated with one or more labor organizations to form a new labor organization. A terminal financial report is not required if the labor organization changed its affiliation but continues to function as a separate reporting labor organization.

The terminal financial report must be filed on Form LM-2 if the labor organization filed its previous annual report on Form LM-2 and must be submitted within 30 days after the date of termination.

To complete a terminal report on Form LM-2, follow the instructions in Section XI and, in addition:

- Enter the date the labor organization ceased to exist in Item 2 after the word "Through." The format for the date must be mm/dd/yyyy.
- Select Item 3(c) indicating that the labor organization ceased to exist during the reporting period and that this is the labor organization's terminal Form LM-2.

- Provide in Item 69 (Additional Information) a detailed statement of the reason the labor organization ceased to exist. Also report in Item 69 plans for the disposition of the labor organization's cash and other assets, if any (for example, transfer of cash and assets to the parent body). Provide the name and address of the person or organization that will retain the records of the terminated organization. If the labor organization merged with another labor organization, report that organization's name, address, and 6-digit file number.

Contact the nearest OLMS field office listed below if you have questions about filing a terminal report.

If You Need Assistance

The Office of Labor-Management Standards has field offices located in the following cities to assist you if you have any questions concerning LMRDA and CSRA reporting requirements.

Atlanta, GA
Birmingham, AL
Boston, MA
Buffalo, NY
Chicago, IL
Cincinnati, OH
Cleveland, OH
Dallas, TX
Denver, CO
Detroit, MI
Grand Rapids, MI
Guaynabo, PR
Honolulu, HI
Houston, TX
Kansas City, MO
Los Angeles, CA
Miami (Ft. Lauderdale), FL
Milwaukee, WI
Minneapolis, MN
Nashville, TN
New Haven, CT
New Orleans, LA
New York, NY
Newark (Iselin), NJ
Philadelphia, PA
Pittsburgh, PA
St. Louis, MO
San Francisco, CA
Seattle, WA
Tampa, FL
Washington, DC

Consult the OLMS Web site listed below or local telephone directory listings under United States Government, Labor Department, Office of Labor-Management Standards, for the address and telephone number of the nearest field office.

Copies of labor organization annual financial reports, employer reports, and labor relations consultant reports filed for the year 2000 and after can be viewed and printed at http://www.unionreports.gov. Copies of reports for the year 1999 and earlier can be ordered through the Web site.

Information about OLMS, including key personnel and telephone numbers, compliance assistance materials, the text of the LMRDA, and related Federal Register and Code of Federal Regulations documents, is also available on the Internet at:

http://www.olms.dol.gov

[FR Doc. E8–10151 Filed 5–9–08; 8:45 am]
BILLING CODE 4510–86–C