

U.S. Department of Labor

Assistant Secretary for
Employment Standards
Washington, D.C. 20210



October 3, 2003

Mr. Chuck Canterbury
President
Fraternal Order of Police
1410 Donelson Pike, Suite A-17
Nashville, TN 37217

Dear President Canterbury:

I am writing to inform you that the U.S. Department of Labor's proposed rule to update the financial disclosure forms filed by labor organizations under the Labor-Management Reporting and Disclosure Act has become final and is available at www.olms.dol.gov.

In particular, I wanted you to be aware of the many substantial changes the Department made to the proposed rule, in response to thousands of comments from unions and other stakeholders. You also should know that this rule will not become effective until January 1, 2004 - which means that the earliest any union would be required to file the revised Form LM-2 is March 2005. Further, the Department is taking every possible step to lessen the burden of compliance and help union officials with the transition - through a comprehensive program of compliance assistance.

The Department spent approximately six months carefully reviewing the thousands of comments submitted during the initial 60-day comment period on the NPRM and the 30-day extension the Department granted for additional comments. A number of significant changes have been made to the final rule in response to these comments. One of the most significant changes is that the rule has been modified so that it only alters Form LM-2 reports. While the Department has eliminated any provisions making changes to the Forms LM-3 and LM-4, the final rule follows the recent decision in Chao v. Bremerton, which may require some unions that have not filed LM reports in the past to do so if they are affiliated with a covered union. Moreover, the final rule narrows the universe of labor organizations that must file Form LM-2 reports by raising the threshold for Form LM-2 filers from \$200,000 in annual receipts to \$250,000 - a 25% increase. This change will result in approximately 500 local unions no longer having to file the Form LM-2. Instead they will file the much simpler Form LM-3.

The NPRM requested comments on a threshold for itemizing disbursements and receipts between \$2,000 and \$5,000. The final rule adopts the \$5,000 threshold. The Department has adopted suggestions to merge the separate disclosure schedules for “political activities” and “lobbying” into a single schedule. The final rule also addresses concerns about potential harm to unions and union members resulting from public disclosure of itemized disbursements for union organizing activities, legal settlements and other confidential information or trade secrets. Labor organizations may refrain from disclosing to the general public several categories of disbursements related to such sensitive information. Similar confidentiality safeguards are incorporated into the portions of the final rule related to the itemized, public disclosure of union receipts. The membership-reporting schedule has also been amended to allow unions to report membership in whatever categories they use in the normal course of operations as opposed to categories designated by the Department. Several other changes that address concerns about the burden and complexity of the new reporting system are reflected in the final rule.

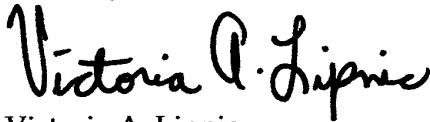
The Department is initiating a comprehensive compliance assistance program to help labor organizations, union accountants, and union record keepers comply with the requirements of the updated Form LM-2. In addition to individual compliance assistance sessions that will be conducted with international unions with 10 or more affiliates that file Form LM-2 and accounting firms that serve international unions, the Department is taking the following steps to facilitate understanding of the new reporting requirements:

- Field Offices of the Office of Labor-Management Standards (OLMS) are being directed to conduct compliance assistance sessions and provide explanatory materials for local unions around the country. A schedule of these sessions will be announced shortly and posted on the OLMS Web site at www.olms.dol.gov.
- The Department will operate a “Help Desk” that will be available during regular business hours to answer questions about the new requirements. This service can be accessed by calling (866) 4-USA-DOL. This is a toll-free number.
- The Department will provide a compliance assistance section on the OLMS Web site with links to helpful information, including explanations of various aspects of the final rule, frequently asked questions and other explanatory material.

- The Department will create and maintain an e-mail messaging list of labor organizations and other interested parties. This will allow the Department to disseminate up-to-date information to all interested parties and help to assure prompt, clear and uniform responses to questions and issues raised during the transition to this new system. Information about subscribing to this e-mail messaging service can be obtained from the OLMS Web site at www.olms.dol.gov.
- The Department will send letters to all Form LM-2 filers, making clear that unions with receipts of \$200,000 or more but less than \$250,000 will no longer be required to file Form LM-2 and will now report on the existing Form LM-3. Letters will also be sent to Form LM-3 and Form LM-4 filers to make clear that the final rule does not alter these forms.

Ms. Kelly Andrews, of my staff, is available to answer any questions you may have about the Final Rule. She can be reached at (202) 693-1182.

Sincerely,

A handwritten signature in black ink that reads "Victoria A. Lipnic". The signature is written in a cursive style with a large initial "V".

Victoria A. Lipnic
Assistant Secretary

cc: Jerry Atnip