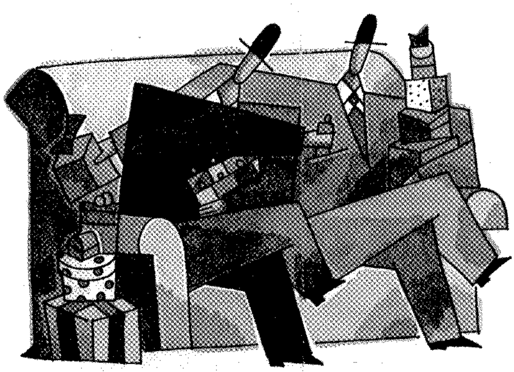
REGULATORY 211914

Giving Disclosures

The Department of Labor is stepping up its enforcement of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). It issued an advisory in November 2005 reminding employers of their obligations under the Act, which requires employers to report to the DOL all payments of money and "things of value" to union officials or labor organizations.



"If a company is publicly traded, a civil violation of the LMRDA would have a lot of repercussions to an employer under SOX," says Garry Mathiason, senior partner at Littler Mendelson. "It could be viewed as a material weakness in the company's system."

Companies have until 90 days after the close of their 2005 fiscal year to comply. The DOL is giving companies that failed to file reports in years prior to 2005 a safe harbor if they file on time this year.

Although the LMRDA establishes guidelines for compliance, it still may leave some employers wondering whether they need to report certain payments to unions.

"Let's say you make a conference room available to a union for negotiations," Mathiason says. "There is an argument that that is a gift to a union and needs to be reported."

—*Keith Ecker*