

July 29, 2019

Office of Information and Regulatory Affairs
Attn: OMB Desk Officer for DOL-OLMS
Office of Management - and Budget
725 17th Street NW
Room 10235
Washington, DC 20503

Re: RIN 1245-AA09 - Labor Organization Annual Financial Reports for Trusts in
Which a Labor Organization is Interested, Form T-1

To Whom It May Concern:

On behalf of the labor organizations we serve, and our partners and staff, we are respectfully submitting our comments in response to the proposed rulemaking to require labor organizations to file an annual report Form T-1, *Trust Annual Report*.

Legacy Professionals LLP is a CPA firm with over 100 employees serving over 150 labor organizations in the Midwest region and throughout the United States, ranging from small local unions to large international labor organizations.

As a long-time service provider to labor organizations, we support the Department's overarching goal of ensuring a proper accounting of labor organization funds.

Comments

Exemptions - You have requested comments on whether to retain a Form T-1 exemption provided under previous Form T-1 proposals for entities tied to ERISA. We support the retention of this exemption. As required by ERISA, employee benefit plans file an annual Form 5500, *Annual Report/Report of Employee Benefit Plan*, which provides a substantial amount of information detailing the structure and financial activity of the entity. Furthermore, such entities are highly regulated by the Department of Labor, Internal Revenue Service and Pension Benefit Guaranty Corporation and are closely monitored by plan participants, beneficiaries, contributing employers and other interested parties. These annual reports are posted and widely available on the DOL's website and are easily obtained for anyone to review.

We respectfully request clarification as to whether the exemption applies to those employee benefit plans that are required to file a Form 5500 or that actually file a Form 5500. A small number of unique employee benefit plans, apprenticeship plans, have been exempt from certain reporting and disclosure requirements of ERISA, provided certain conditions have been met. These entities, however, are generally subject to audit under LMRDA provisions and already follow annual filing requirements with the Internal Revenue Service.

You have also requested comments whether the Department should exempt financial institutions affiliated with labor organizations, such as credit unions, from the final rule. We support an exemption for any affiliated entity which is regulated by Federal law such as the Federal Credit Union Act, and are already subject to extensive reporting requirements.

Multiple Filings - With respect to multiple filings of the same report by all interested labor organizations, we support the suggested approach for one labor organization to voluntarily take on the responsibility to file the required information. Multiple filings will unnecessarily drive up the cost of preparing and filing the T-1 and may lead to misleading information for interested labor union members.

Overall Comments

Reporting Burden - This proposal may prove to be very expensive to implement for both the reporting unions and trusts being reported on. It will require significant training and record keeping modifications as well as software upgrades without an equivalent cost benefit. Not all LM-2 filers have sophisticated accounting systems and expert personnel. This proposal may also require the labor organization to retain costly outside consultants and advisors to gather the trust information being reported.

Filing Threshold - An additional issue is that the Form T-1 is required by LM-2 filers but ignores the size of the trust being reported on. A larger union may be required to file multiple Form T-1s where the trust being reported on may not even have any itemized receipt or disbursement schedules. We recommend that reporting on smaller trusts of some minimal size be exempted from the Form T-1 requirement.

Reporting Due Date - As service providers who assist labor organizations in preparing and filing their annual Form LM-2, which is due within 90 days of the labor organization's year end with no extension, we would like to point out the onerous burden of preparing one or more additional detailed reports by the same due date. Over and above the limited timeframe to prepare and file more reports, as the Department pointed out in its proposed rule, the trust may refuse or be unable to provide the information required for Form T-1, and the labor organization may be unable to compel production of such information. As such, we respectfully request that the Department consider a longer period of time to prepare information and file the Form T-1.

While changes to prior proposals of Form T-1 are welcomed, we are less hopeful that the current proposal will provide the transparency the Department is looking to achieve, while proving to be very costly in terms of time and money to labor organizations attempting to comply with current reporting requirements and service their membership at the same time.

We appreciate the opportunity to comment on this proposal and look forward to further discussions on this issue.

Sincerely,

Legacy Professionals LLP