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May 14, 2013

Mr. Daniel R. Petrole
Deputy Inspector General
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Mr. Petrole:

We are seriously concerned by allegations that the International Union of Operating Engineers (IUOE), its officers, and their co-conspirators aided and abetted in and/or embezzled and/or withheld millions of dollars from IUOE Local 501 and its members.¹ We respectfully request information, documents, and communications relating to any agency action involving IUOE Local 501 or its trusts.

Members and former officers of IUOE Local 501 recently filed a class action lawsuit in the United States District Court, Central District of California against IUOE, its officers, and their co-conspirators.² The complaint clearly states the Department of Labor was aware of the embezzlement of funds from IUOE Local 501's Apprenticeship Trust.

According to the complaint, in 2007, after reviewing IUOE Local 501's Apprentice Trust financial records, James McLaughlin, then-Business Manager of IUOE Local 501, identified improper personal charges related to food, beverage, and travel purchases.³ Mr. McLaughlin conducted an investigation with the assistance of Finn Pette, a Business Representative and elected officer of IUOE Local 501, Daniel Himmelberg, the Assistant Business Manager, and an outside auditor.⁴ At the same time, they notified the Department of Labor and filed revised reports on the trust.⁵ Ultimately, IUOE Local 501's investigation determined that Dennis Lundy,

¹ Compl. at 1-6, *Pette et al. v. International Union of Operating Engineers et al.* (C.D. Cal. 2012).

² *Id.* at 1.

³ *Id.* at 9.

⁴ *Id.*

⁵ *Id.* at 10.

the head of the Apprenticeship Trust fund and Western Regional Director, had embezzled thousands from the Apprenticeship Trust.⁶

As you know, the Department of Labor's Office of Inspector General (OIG) is unique in that it investigates labor racketeering.⁷ Labor racketeering is defined as "the infiltration, domination, and/or use of union or employee benefit plan for personal benefit by illegal, violent, or fraudulent means."⁸ Clearly, the embezzlement of thousands from IUOE Local 501's Apprenticeship Trust is within the OIG's investigative authority.

To ensure the OIG has fulfilled its responsibilities to IUOE Local 501 union members, please provide the following no later than May 28, 2013:

1. The date the OIG became aware of the allegations against IUOE, its officers, and co-conspirators;
2. A description of actions taken by the OIG when it became aware of the allegations against IUOE, its officers, and co-conspirators; and
3. All documents and communications relating to IUOE Local 501 that will not compromise an ongoing investigation.

If you have any questions regarding this request, please contact Marvin Kaplan, Committee on Education and the Workforce, at (202) 225-7101.

Sincerely,



JOHN KLINE
Chairman
Committee on Education and the Workforce



PHIL ROE
Chairman
Subcommittee on Health, Employment,
Labor, and Pensions

cc: The Honorable George Miller, Senior Democratic Member, Committee on Education and the Workforce

⁶ *Id.*

⁷ *The OIG's Labor Racketeering Program*, Department of Labor, available at <http://www.oig.dol.gov/laborracprogram.htm> (last visited on March 5, 2013).

⁸ *Id.*