

organization. If the proceeding is for the removal of officers pursuant to subsection (h) of section 481 of this title, the Secretary shall certify the results of the vote and the court shall enter a decree declaring whether such persons have been removed as officers of the labor organization.

**(d) Review of orders; stay of order directing election**

An order directing an election, dismissing a complaint, or designating elected officers of a labor organization shall be appealable in the same manner as the final judgment in a civil action, but an order directing an election shall not be stayed pending appeal.

(Pub. L. 86-257, title IV, § 402, Sept. 14, 1959, 73 Stat. 534.)

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE**

Section applicable ninety days after Sept. 14, 1959, in the case of certain labor organizations, see section 404 of Pub. L. 86-257, set out as a note under section 481 of this title.

**§ 483. Application of other laws; existing rights and remedies; exclusiveness of remedy for challenging election**

No labor organization shall be required by law to conduct elections of officers with greater frequency or in a different form or manner than is required by its own constitution or bylaws, except as otherwise provided by this subchapter. Existing rights and remedies to enforce the constitution and bylaws of a labor organization with respect to elections prior to the conduct thereof shall not be affected by the provisions of this subchapter. The remedy provided by this subchapter for challenging an election already conducted shall be exclusive.

(Pub. L. 86-257, title IV, § 403, Sept. 14, 1959, 73 Stat. 534.)

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE**

Section applicable ninety days after Sept. 14, 1959, in the case of certain labor organizations, see section 404 of Pub. L. 86-257, set out as a note under section 481 of this title.

**SUBCHAPTER VI—SAFEGUARDS FOR LABOR ORGANIZATIONS**

**§ 501. Fiduciary responsibility of officers of labor organizations**

**(a) Duties of officers; exculpatory provisions and resolutions void**

The officers, agents, shop stewards, and other representatives of a labor organization occupy positions of trust in relation to such organization and its members as a group. It is, therefore, the duty of each such person, taking into account the special problems and functions of a labor organization, to hold its money and property solely for the benefit of the organization and its members and to manage, invest, and expend the same in accordance with its constitution and bylaws and any resolutions of the gov-

erning bodies adopted thereunder, to refrain from dealing with such organization as an adverse party or in behalf of an adverse party in any matter connected with his duties and from holding or acquiring any pecuniary or personal interest which conflicts with the interests of such organization, and to account to the organization for any profit received by him in whatever capacity in connection with transactions conducted by him or under his direction on behalf of the organization. A general exculpatory provision in the constitution and bylaws of such a labor organization or a general exculpatory resolution of a governing body purporting to relieve any such person of liability for breach of the duties declared by this section shall be void as against public policy.

**(b) Violation of duties; action by member after refusal or failure by labor organization to commence proceedings; jurisdiction; leave of court; counsel fees and expenses**

When any officer, agent, shop steward, or representative of any labor organization is alleged to have violated the duties declared in subsection (a) and the labor organization or its governing board or officers refuse or fail to sue or recover damages or secure an accounting or other appropriate relief within a reasonable time after being requested to do so by any member of the labor organization, such member may sue such officer, agent, shop steward, or representative in any district court of the United States or in any State court of competent jurisdiction to recover damages or secure an accounting or other appropriate relief for the benefit of the labor organization. No such proceeding shall be brought except upon leave of the court obtained upon verified application and for good cause shown, which application may be made ex parte. The trial judge may allot a reasonable part of the recovery in any action under this subsection to pay the fees of counsel prosecuting the suit at the instance of the member of the labor organization and to compensate such member for any expenses necessarily paid or incurred by him in connection with the litigation.

**(c) Embezzlement of assets; penalty**

Any person who embezzles, steals, or unlawfully and willfully abstracts or converts to his own use, or the use of another, any of the money, funds, securities, property, or other assets of a labor organization of which he is an officer, or by which he is employed, directly or indirectly, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

(Pub. L. 86-257, title V, § 501, Sept. 14, 1959, 73 Stat. 535.)

**§ 502. Bonding of officers and employees of labor organizations; amount, form, and placement of bonds; penalty for violation**

(a) Every officer, agent, shop steward, or other representative or employee of any labor organization (other than a labor organization whose property and annual financial receipts do not exceed \$5,000 in value), or of a trust in which a labor organization is interested, who handles

funds or other property thereof shall be bonded to provide protection against loss by reason of acts of fraud or dishonesty on his part directly or through connivance with others. The bond of each such person shall be fixed at the beginning of the organization's fiscal year and shall be in an amount not less than 10 per centum of the funds handled by him and his predecessor or predecessors, if any, during the preceding fiscal year, but in no case more than \$500,000. If the labor organization or the trust in which a labor organization is interested does not have a preceding fiscal year, the amount of the bond shall be, in the case of a local labor organization, not less than \$1,000, and in the case of any other labor organization or of a trust in which a labor organization is interested, not less than \$10,000. Such bonds shall be individual or schedule in form, and shall have a corporate surety company as surety thereon. Any person who is not covered by such bonds shall not be permitted to receive, handle, disburse, or otherwise exercise custody or control of the funds or other property of a labor organization or of a trust in which a labor organization is interested. No such bond shall be placed through an agent or broker or with a surety company in which any labor organization or any officer, agent, shop steward, or other representative of a labor organization has any direct or indirect interest. Such surety company shall be a corporate surety which holds a grant of authority from the Secretary of the Treasury under sections 9304–9308 of title 31, as an acceptable surety on Federal bonds: *Provided*, That when in the opinion of the Secretary a labor organization has made other bonding arrangements which would provide the protection required by this section at comparable cost or less, he may exempt such labor organization from placing a bond through a surety company holding such grant of authority.

(b) Any person who willfully violates this section shall be fined not more than \$10,000 or imprisoned for not more than one year, or both.

(Pub. L. 86–257, title V, § 502, Sept. 14, 1959, 73 Stat. 536; Pub. L. 89–216, § 1, Sept. 29, 1965, 79 Stat. 888.)

#### Editorial Notes

##### CODIFICATION

In subsec. (a), "sections 9304–9308 of title 31" substituted for "the Act of July 30, 1947 (6 U.S.C. 6–13)" on authority of Pub. L. 97–258, §4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

##### AMENDMENTS

1965—Subsec. (a). Pub. L. 89–216 substituted "to provide protection against loss by reason of act of fraud or dishonesty on his part directly or through connivance with others" for "for the faithful discharge of his duties" in first sentence and inserted proviso allowing Secretary to permit other arrangements to provide necessary protection.

#### § 503. Financial transactions between labor organization and officers and employees

##### (a) Direct and indirect loans

No labor organization shall make directly or indirectly any loan or loans to any officer or

employee of such organization which results in a total indebtedness on the part of such officer or employee to the labor organization in excess of \$2,000.

##### (b) Direct or indirect payment of fines

No labor organization or employer shall directly or indirectly pay the fine of any officer or employee convicted of any willful violation of this chapter.

##### (c) Penalty for violations

Any person who willfully violates this section shall be fined not more than \$5,000 or imprisoned for not more than one year, or both.

(Pub. L. 86–257, title V, § 503, Sept. 14, 1959, 73 Stat. 536.)

#### § 504. Prohibition against certain persons holding office

##### (a) Membership in Communist Party; persons convicted of robbery, bribery, etc.

No person who is or has been a member of the Communist Party or who has been convicted of, or served any part of a prison term resulting from his conviction of, robbery, bribery, extortion, embezzlement, grand larceny, burglary, arson, violation of narcotics laws, murder, rape, assault with intent to kill, assault which inflicts grievous bodily injury, or a violation of subchapter III or IV of this chapter<sup>1</sup> any felony involving abuse or misuse of such person's position or employment in a labor organization or employee benefit plan to seek or obtain an illegal gain at the expense of the members of the labor organization or the beneficiaries of the employee benefit plan, or conspiracy to commit any such crimes or attempt to commit any such crimes, or a crime in which any of the foregoing crimes is an element, shall serve or be permitted to serve—

(1) as a consultant or adviser to any labor organization,

(2) as an officer, director, trustee, member of any executive board or similar governing body, business agent, manager, organizer, employee, or representative in any capacity of any labor organization,

(3) as a labor relations consultant or adviser to a person engaged in an industry or activity affecting commerce, or as an officer, director, agent, or employee of any group or association of employers dealing with any labor organization, or in a position having specific collective bargaining authority or direct responsibility in the area of labor-management relations in any corporation or association engaged in an industry or activity affecting commerce, or

(4) in a position which entitles its occupant to a share of the proceeds of, or as an officer or executive or administrative employee of, any entity whose activities are in whole or substantial part devoted to providing goods or services to any labor organization, or

(5) in any capacity, other than in his capacity as a member of such labor organization, that involves decisionmaking authority concerning, or decisionmaking authority over, or

<sup>1</sup> So in original. Probably should be followed by a comma.