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Congress of the United States
House of Representatives
Washington, DC 20515-0402

February 15, 2013

The Honorable Hilda Solis
Secretary
U.S. Department of Labor
200 Constitution Ave NW
Washington, DC 20210-0001

Dear Secretary Solis:

I write to express my concerns regarding the U.S. Department of Labor's (DOL) audit of Rhea Lana's Franchise Systems, Inc. (Rhea Lana's), located in Conway, Arkansas. Rhea Lana's is a children's consignment event that franchises in over sixty locations. I am concerned that the audit is unnecessarily requesting to interview consignors who assist with the sale of items (including their own) at Rhea Lana's events, and inaccurately identifying these individuals as employees.

Rhea Lana's depends on these unpaid consignors to work the events, which provide essential low cost products for individuals and families. In January 2012, Rhea Riner, the owner of Rhea Lana's, signed a consent agreement with the Arkansas Department of Labor (ADL) regarding the ADL's investigation into the use of unpaid labor. In the consent agreement, both parties agreed that the consignors are not employees within the meaning of the Arkansas Minimum Wage Act. According to Dave and Rhea Riner, the U.S. Department of Labor (DOL) has undertaken a federal audit of Rhea Lana's and the federal auditor has requested Rhea Lana's supply the names and contact information of consignors, presumably to conduct interviews. These consignors are customers of Rhea Lana's, and there is concern that interviewing these individuals exceeds the requirements of the audit and would cause undue harm to Rhea Lana's and the consignment industry. I have enclosed a copy of Rhea Lana's consent agreement with the ADL for your review.

According to the DOL Wage and Hour Division, a federal auditor may question employees to determine if there has been a violation of the Fair Labor Standards Act (FLSA). I would appreciate your review of Rhea Lana's complaint that the federal auditor's request to speak with consignors exceeds the scope of the federal audit. Further, I request that the DOL provide me with information on how the agency has determined that consignors for Rhea Lana's be considered employees under the FLSA for the purpose of this audit.

I appreciate your consideration of my request and any assistance you can provide in resolving this issue. My office contact for this issue is Peter Comstock at Peter.Comstock@mail.house.gov or (202) 226-8497. Thank you.

Sincerely,



Tim Griffin
Member of Congress

Enclosure

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