

Franken Faces Penalties For Lack Of Workers' Insurance

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SECTION: NEWS; Pg. 1B

DATE: March 5, 2008

DFL Senate candidate Al Franken owes a \$25,000 penalty to the New York State Workers' Compensation Board for failing to carry workers' compensation insurance for employees of his namesake corporation from 2002 to 2005, state officials said.

New York officials have made numerous attempts to contact Franken about the matter since April 2005 but have gotten no reply.

Campaign spokesman Andy Barr said that neither Franken nor his wife, Franni, were aware of the matter before Tuesday. They have lived in Minneapolis for the past few years and did not know about the state's attempts to reach them in New York City, he said.

"If it's wrong, they will pay what they owe," Barr said.

"It's also possible that there's some kind of dispute that may be resolved in our favor," Barr continued. "This is, at worst, some kind of misunderstanding between [the Franken's] bookkeeping system and the state's."

News of Franken's penalty was reported Tuesday in the Minnesota Democrats Exposed website run by Republican blogger Michael Brodkorb.

In financial disclosure forms that Franken filed last year with the U.S. Senate, he listed a salary of just over \$1 million from Alan Franken Inc. The corporation, set up in 1991, provides Franken's services and collects fees and residuals for his work.

According to Brian Keegan, a spokesman for the Workers' Compensation Board, New York officials began looking into the Franken corporation after a standard check of employers found that Alan Franken Inc. was not insuring employees for workers' compensation as required by state law.

According to state records, the New York Department of Labor found that the corporation had from one to six people working for it between February 2003 and August 2005, and as many as 17 in October 2005, Keegan said.

Those workers were classified as "independent artists, writers or performers," requiring their employer to cover them for workers' compensation, Keegan said.

The Workers' Compensation Board began sending Franken notices in April 2005 after discovering that the insurance hadn't been paid for nearly three years.

Officials first sought an explanation. Receiving no response, they sent a penalty notice to Franken in June 2005 that outlined rights to appeal.

The state then turned to a collection agency to reach Franken. When that didn't work, the state tried again in July 2006. Penalty statements were sent in August and December of 2006 and March 2007, Keegan said.

The judgment was finally entered against Franken in May 2007, and another notice sent by certified mail to his Manhattan apartment. Since then, Keegan said, three more statements have been sent -- the most recent in January -- without response.

The Frankens bought a townhouse in Minneapolis in April 2005. Barr said that the corporation relocated to Minneapolis in January 2006.

Alan Franken Inc. appears in New York records one other time, when it failed to pay withholding taxes for July 1996. A lien against the corporation was filed in Nassau County in June 1997 for \$2,948.30, and the case was closed a short time later, said Tom Bergin, a spokesman with the New York Department of Taxation and Finance.

Barr said that New York was mistaken in saying that Franken had 17 workers in 2005, and may well be wrong in other particulars. He said that the Frankens' accountant would be looking into the matter today.

"I can categorically deny that there was any attempt to evade responsibility, and I doubt that there was some kind of error that was made, although until we know all the facts I can't say for sure what happened," he said.