FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1375

Date Filmed 11/28/83 Camera No. --- 2

Cameraman CAB

FEDERAL ELECTION COMMISSION

Internal routing slips (#2 below); conciliation agreements, related memoranda and correspondence (#3); Commissioners' comments and internal memoranda on legal theories

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

___	(1) Classified Information	___	(6) Personal privacy
X	(2) Internal rules and practices	___	(7) Investigatory files
X	(3) Exempted by other statute	___	(8) Banking Information
___	(4) Trade secrets and commercial or financial information	___	(9) Well Information (geographic or geophysical)
X	(5) Internal Documents		

Signed Nancy Bliatchai

date 1-6-83

FEC 9-21-77

83040573895

Perm File

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 28, 1982

Alan V. Reuther, Esq.
United Auto Workers
1757 N Street, N.W.
Washington, D.C. 20036

Re: MUR 1375

Dear Mr. Reuther:

On December 20, 1982, the Commission accepted the conciliation agreement signed by you, together with a civil penalty, in settlement of violations of 2 U.S.C. §§ 441b, 434(b)(1), 441b(b)(4)(A)(ii), and 11 C.F.R. §§ 103.3(a) and 114.5(a)(2) and (5), provisions of the Federal Election Campaign Act of 1971, as amended and implemented through regulations.

Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

3304037387

RECEIVED FEC
82 APR 14 P2:26

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
United Automobile, Aerospace and Agricultural Implement Workers of America,	)	MUR 1375
United Auto Workers Voluntary Community Action Program,	)	
Committee for Good Government	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal course of its supervisory responsibilities. Following submission of findings by the Commission's auditors concerning the United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), United Auto Workers Voluntary Community Action Program (UAW-V-CAP) and the Committee for Good Government (CFGG), a political action committee affiliated with UAW-V-CAP, ("respondents"), the Commission found reason to believe that respondents UAW and UAW-V-CAP violated: 2 U.S.C. § 441b, by failing to establish and maintain during the period of the audit separate and segregated accounts at the local level for deposit of UAW-V-CAP contributions; 2 U.S.C. § 434(b)(1), by failing to include funds held at the regional level depositories as cash-on-hand in reports to the Commission; and former 11 C.F.R. § 103.3(a), by failing to deposit all contributions received in a committee checking account within ten days of their receipt. The Commission also found reason to believe that respondents UAW and CFGG violated 2 U.S.C. § 441b(b)(4)(A)(ii), by soliciting contributions from non-member employees of the union, and 11 C.F.R.

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§ 114.5(a)(2) and (5), by failing to inform solicitees, on written solicitation materials, that the "guideline" amounts were suggested amounts only.

NOW, THEREFORE, the Commission and respondents, having participated in informal methods of conciliation, do hereby agree as follows:

I. The Commission has jurisdiction over respondents and the subject matter of this proceeding, and this Agreement has the effect of a conciliation agreement under 2 U.S.C. § 437g(a)(4)(A).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this Agreement with the Commission.

IV. The pertinent facts in this matter are:

1. Respondent UAW maintains a political action committee known as United Auto Workers Voluntary Community Action Program ("UAW-V-CAP"), and a political action committee for its employees known as the Committee for Good Government ("CFGG").

2. Respondents UAW and UAW-V-CAP advised UAW Local Unions, who act as collecting agents for UAW-V-CAP, to maintain a single bank account for all financial transactions, including Local Union treasury funds as well as voluntary contributions by UAW members to UAW-V-CAP. Respondents UAW and UAW-V-CAP also advised UAW Local Unions to keep separate records of all receipts and deposits that represent contributions to UAW-V-CAP, and to separately account for all of these contributions on their books. While such separate accounting was maintained, respondents did

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not maintain and do not now maintain separate bank accounts at the local level for V-CAP contributions. For 1977-78, the Commission estimates that the total amount commingled was $1,016,513.10.

3. Respondents UAW and UAW-V-CAP failed to include funds held at regional level depositories in cash-on-hand reports to the Commission. While the UAW had previously issued instructions to the regional depositories to transmit all monies to the central depository immediately after receiving the funds from local unions, and thus it was assumed that there were no material amounts of money left in any of the regional depositories which needed to be reported, the Commission audit disclosed that certain amounts held at the regional level inadvertently were not included in cash-on-hand reports to the Commission.

4. Some UAW Local Unions, who act as collecting agents for UAW-V-CAP, failed to transmit all contributions received from UAW members to a committee checking account within ten days of their receipt.

5. Certain employees of the UAW, who are not members of the union, were given forms by which they could authorize contributions to CFGG by means of payroll deductions. Some of the employees signed the forms authorizing payroll deductions to CFGG prior to the enactment of 2 U.S.C. § 441b(b)(4).

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6. The payroll deduction authorization forms utilized by the UAW in connection with CFGG did not contain any statement advising employees that the amount specified on the authorization form was only a suggested amount.

V. 1. It is the Commission's position that, during the period covered by the audit, respondents' practice of depositing UAW-V-CAP contributions in local union bank accounts, instead of establishing and maintaining separate segregated bank accounts for the deposit of contributions by UAW members to UAW-V-CAP, resulted in the violation of 2 U.S.C. § 441b.

2. Respondents UAW and UAW-V-CAP violated 2 U.S.C. § 434(b)(1) by failing to include funds held at regional level depositories in cash-on-hand reports to the Commission.

3. Through its local unions, who act as collecting agents for UAW-V-CAP, respondents violated former 11 C.F.R. § 103.3(a) by failing to transmit all contributions received from UAW members to a committee checking account within ten days of receipt. Congress subsequently has amended the Federal Election Campaign Act to require that all contributions of $50 or less be transmitted to the committee treasurer within thirty days of receipt. 2 U.S.C. § 432(b).

4. It is the Commission's position that respondents UAW and CFGG violated 2 U.S.C. § 441b(b)(4)(A)(ii) by seeking contributions from non-member employees by means of payroll deduction authorization forms at the time they were hired, and by

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continuing to deduct contributions from the paychecks of non-member employees who had executed authorization forms prior to the enactment of 2 U.S.C. § 441b(b)(4)(A)(ii). See 11 C.F.R. § 114.6(e).

5. Respondents UAW and CFGG violated 11 C.F.R. § 114.5(a)(2) and (5) by failing to include a written statement on the payroll deduction authorization forms advising employees that the amount specified on the authorization forms was only a suggestion.

VI. 1. Respondents UAW and UAW-V-CAP agree that local UAW unions will deposit and/or transmit contributions to UAW-V-CAP in accordance with the applicable provisions of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq. ("the Act"), and the Commission's regulations implementing the Act, 11 C.F.R. § 1.1 et seq. ("the Regulations").

In view of the large number of local UAW unions, respondents will have a reasonable period of time from the date of the signing of this Agreement to bring its local unions' accounts into compliance with the requirements of the Act and Regulations.

2. Respondents UAW and UAW-V-CAP agree that contributions received by UAW Local Unions, as collecting agents for UAW-V-CAP, will be forwarded to the committee treasurer within thirty days, pursuant to 2 U.S.C. § 432(b)(2)(A), and that additional notices instructing all UAW Local Unions of this requirement will be issued by Respondents.

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3. Respondents UAW and UAW-V-CAP agree that the regional depositories will be instructed in writing to provide sufficient notice to UAW-V-CAP of all funds held in regional depositories to enable UAW-V-CAP to include such funds in cash-on-hand figures reported to the Commission, pursuant to 2 U.S.C. § 434(b)(1).

4. Respondents UAW and CFGG agree that they will seek contributions from non-member employees at the UAW only as permitted by the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq., and the Commission's regulations implementing the Act, 11 C.F.R. § 1.1 et seq.

5. Respondents UAW and CFGG agree that if the payroll deduction authorization cards for CFGG specify any particular amounts of donation, the cards will also contain a statement informing donors that the amounts are merely a suggestion, that individuals may contribute more or less than the suggested amounts, and that the union will not favor or disadvantage donors by reason of the amount contributed, or a decision not to contribute.

VII. Respondents agree that they will not undertake any activity that is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. Respondents agree to pay to the United States Treasury a civil penalty in the amount of Seven Thousand Five Hundred Dollars ($7,500) for those actions described in Paragraph IV, Subparagraphs 2-6, supra, which occurred up to the execution of this Agreement.

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IX. It is mutually agreed that this agreement shall constitute a complete and final settlement of all matters related to or arising out of MUR 1375.

X. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

XI. It is mutually agreed that this agreement shall become effective as of the date all parties hereto have executed same and the Commission has approved the entire agreement.

XII. It is agreed that Respondents shall have no more than sixty days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

Charles N. Steele
General Counsel

December 28, 1982
Date

BY: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

United Automobile, Aerospace and Agricultural Implement Workers of America

United Auto Workers Voluntary Community Action Program

United Auto Workers Committee for Good Government

12/13/82
Date

BY: Alan Reuther
Asst. General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Alan V. Reuther, Esq.
United Auto Workers
1757 N Street, N.W.
Washington, D.C. 20036

Re: MUR 1375

Dear Mr. Reuther:

On December 20, 1982, the Commission accepted the conciliation agreement signed by you, together with a civil penalty, in settlement of violations of 2 U.S.C. §§ 441b, 434(b)(1), 441b(b)(4)(A)(ii), and 11 C.F.R. §§ 103.3(a) and 114.5(a)(2) and (5), provisions of the Federal Election Campaign Act of 1971, as amended and implemented through regulations.

Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1375
United Automobile, Aerospace and Agricultural Implement Workers of America	)	
United Auto Workers Voluntary Community Action Program	)	
Committee for Good Government	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on December 20, 1982, the Commission decided by a vote of 5-0 to take the following actions in MUR 1375:

1. Accept the conciliation agreement in the above-captioned matter as submitted with the General Counsel's December 16, 1982, Memorandum to the Commission.

2. Close the file.

Commissioners Harris, Elliott, McDonald, McGarry and Reiche voted affirmatively in this matter; Commissioner Aikens did not cast a vote.

Attest:

12/20/82
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 12-16-82, 11:06
Circulated on 48 hour tally basis: 12-16-82, 4:00

83040373905

December 16, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1375

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis on a sensitive circulation. Thank you.

Attachment

cc: Nathan

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 16, 1982

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
82 DEC 16 A11:06

SENSITIVE

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

SUBJECT: MUR 1375 United Auto Workers, UAW-V-CAP
Conciliation Agreement

Attached is a conciliation agreement which has been signed by Alan Reuther of the United Auto Workers.

The attached agreement contains no changes from the agreement approved by the Commission, and a check for the civil penalty imposed by the Commission has been received.

The Office of General Counsel recommends the acceptance of this agreement and the closing of the file.

Attachments
Conciliation Agreement
photocopy of civil penalty check

83040573907

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
United Automobile, Aerospace and Agricultural Implement Workers of America,	)	MUR 1375
United Auto Workers Voluntary Community Action Program,	)	
Committee for Good Government	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal course of its supervisory responsibilities. Following submission of findings by the Commission's auditors concerning the United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), United Auto Workers Voluntary Community Action Program (UAW-V-CAP) and the Committee for Good Government (CFGG), a political action committee affiliated with UAW-V-CAP, ("respondents"), the Commission found reason to believe that respondents UAW and UAW-V-CAP violated: 2 U.S.C. § 441b, by failing to establish and maintain during the period of the audit separate and segregated accounts at the local level for deposit of UAW-V-CAP contributions; 2 U.S.C. § 434(b)(1), by failing to include funds held at the regional level depositories as cash-on-hand in reports to the Commission; and former 11 C.F.R. § 103.3(a), by failing to deposit all contributions received in a committee checking account within ten days of their receipt. The Commission also found reason to believe that respondents UAW and CFGG violated 2 U.S.C. § 441b(b)(4)(A)(ii), by soliciting contributions from non-member employees of the union, and 11 C.F.R.

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§ 114.5(a)(2) and (5), by failing to inform solicitees, on written solicitation materials, that the "guideline" amounts were suggested amounts only.

NOW, THEREFORE, the Commission and respondents, having participated in informal methods of conciliation, do hereby agree as follows:

I. The Commission has jurisdiction over respondents and the subject matter of this proceeding, and this Agreement has the effect of a conciliation agreement under 2 U.S.C. § 437g(a)(4)(A).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this Agreement with the Commission.

IV. The pertinent facts in this matter are:

1. Respondent UAW maintains a political action committee known as United Auto Workers Voluntary Community Action Program ("UAW-V-CAP"), and a political action committee for its employees known as the Committee for Good Government ("CFGG").

2. Respondents UAW and UAW-V-CAP advised UAW Local Unions, who act as collecting agents for UAW-V-CAP, to maintain a single bank account for all financial transactions, including Local Union treasury funds as well as voluntary contributions by UAW members to UAW-V-CAP. Respondents UAW and UAW-V-CAP also advised UAW Local Unions to keep separate records of all receipts and deposits that represent contributions to UAW-V-CAP, and to separately account for all of these contributions on their books. While such separate accounting was maintained, respondents did

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(3)

not maintain and do not now maintain separate bank accounts at the local level for V-CAP contributions. For 1977-78, the Commission estimates that the total amount commingled was $1,016,513.10.

3. Respondents UAW and UAW-V-CAP failed to include funds held at regional level depositories in cash-on-hand reports to the Commission. While the UAW had previously issued instructions to the regional depositories to transmit all monies to the central depository immediately after receiving the funds from local unions, and thus it was assumed that there were no material amounts of money left in any of the regional depositories which needed to be reported, the Commission audit disclosed that certain amounts held at the regional level inadvertently were not included in cash-on-hand reports to the Commission.

4. Some UAW Local Unions, who act as collecting agents for UAW-V-CAP, failed to transmit all contributions received from UAW members to a committee checking account within ten days of their receipt.

5. Certain employees of the UAW, who are not members of the union, were given forms by which they could authorize contributions to CFGG by means of payroll deductions. Some of the employees signed the forms authorizing payroll deductions to CFGG prior to the enactment of 2 U.S.C. § 441b(b)(4).

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6. The payroll deduction authorization forms utilized by the UAW in connection with CFGG did not contain any statement advising employees that the amount specified on the authorization form was only a suggested amount.

V. 1. It is the Commission's position that, during the period covered by the audit, respondents' practice of depositing UAW-V-CAP contributions in local union bank accounts, instead of establishing and maintaining separate segregated bank accounts for the deposit of contributions by UAW members to UAW-V-CAP, resulted in the violation of 2 U.S.C. § 441b.

2. Respondents UAW and UAW-V-CAP violated 2 U.S.C. § 434(b)(1) by failing to include funds held at regional level depositories in cash-on-hand reports to the Commission.

3. Through its local unions, who act as collecting agents for UAW-V-CAP, respondents violated former 11 C.F.R. § 103.3(a) by failing to transmit all contributions received from UAW members to a committee checking account within ten days of receipt. Congress subsequently has amended the Federal Election Campaign Act to require that all contributions of $50 or less be transmitted to the committee treasurer within thirty days of receipt. 2 U.S.C. § 432(b).

4. It is the Commission's position that respondents UAW and CFGG violated 2 U.S.C. § 441b(b)(4)(A)(ii) by seeking contributions from non-member employees by means of payroll deduction authorization forms at the time they were hired, and by

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continuing to deduct contributions from the paychecks of non-member employees who had executed authorization forms prior to the enactment of 2 U.S.C. § 441b(b)(4)(A)(ii). See 11 C.F.R. § 114.6(e).

5. Respondents UAW and CFGG violated 11 C.F.R. § 114.5(a)(2) and (5) by failing to include a written statement on the payroll deduction authorization forms advising employees that the amount specified on the authorization forms was only a suggestion.

VI. 1. Respondents UAW and UAW-V-CAP agree that local UAW unions will deposit and/or transmit contributions to UAW-V-CAP in accordance with the applicable provisions of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq. ("the Act"), and the Commission's regulations implementing the Act, 11 C.F.R. § 1.1 et seq. ("the Regulations").

In view of the large number of local UAW unions, respondents will have a reasonable period of time from the date of the signing of this Agreement to bring its local unions' accounts into compliance with the requirements of the Act and Regulations.

2. Respondents UAW and UAW-V-CAP agree that contributions received by UAW Local Unions, as collecting agents for UAW-V-CAP, will be forwarded to the committee treasurer within thirty days, pursuant to 2 U.S.C. § 432(b)(2)(A), and that additional notices instructing all UAW Local Unions of this requirement will be issued by Respondents.

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(6)

3. Respondents UAW and UAW-V-CAP agree that the regional depositories will be instructed in writing to provide sufficient notice to UAW-V-CAP of all funds held in regional depositories to enable UAW-V-CAP to include such funds in cash-on-hand figures reported to the Commission, pursuant to 2 U.S.C. § 434(b)(1).

4. Respondents UAW and CFGG agree that they will seek contributions from non-member employees at the UAW only as permitted by the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq., and the Commission's regulations implementing the Act, 11 C.F.R. § 1.1 et seq.

5. Respondents UAW and CFGG agree that if the payroll deduction authorization cards for CFGG specify any particular amounts of donation, the cards will also contain a statement informing donors that the amounts are merely a suggestion, that individuals may contribute more or less than the suggested amounts, and that the union will not favor or disadvantage donors by reason of the amount contributed, or a decision not to contribute.

VII. Respondents agree that they will not undertake any activity that is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

VIII. Respondents agree to pay to the United States Treasury a civil penalty in the amount of Seven Thousand Five Hundred Dollars ($7,500) for those actions described in Paragraph IV, Subparagraphs 2-6, supra, which occurred up to the execution of this Agreement.

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(7)

IX. It is mutually agreed that this agreement shall constitute a complete and final settlement of all matters related to or arising out of MUR 1375.

X. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

XI. It is mutually agreed that this agreement shall become effective as of the date all parties hereto have executed same and the Commission has approved the entire agreement.

XII. It is agreed that Respondents shall have no more than sixty days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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Charles N. Steele
General Counsel

BY: _____
Kenneth A. Gross
Associate General Counsel

_____
Date

United Automobile, Aerospace and Agricultural Implement Workers of America

United Auto Workers Voluntary Community Action Program

United Auto Workers Committee for Good Government

12/13/82
Date

BY: Alan Reuther
Asst. General Counsel

UNITED AUTOMOBILE · AEROSPACE · AGRICULTURAL IMPLEMENT WORKERS
of AMERICA (UAW)
INTERNATIONAL UNION
WASHINGTON OFFICE
1757 N STREET, N.W.
WASHINGTON, D. C. 20036

RECEIVED AT THE FEC

82 NOV 18 P12:00

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

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UNITED AUTOMOBILE · AEROSPACE · AGRICULTURAL IMPLEMENT WORKERS of AMERICA (UAW)
INTERNATIONAL UNION
WASHINGTON OFFICE
1757 N STREET, N.W.
WASHINGTON, D. C. 20036

RECEIVED AT THE FEC
82 APR 14 P2:28

Ms. Nancy Nathan
Federal Election Commission
Washington, D.C. 20463

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UNITED AUTOMOBILE · AEROSPACE · AGRICULTURAL IMPLEMENT WORKERS of AMERICA (UAW)
INTERNATIONAL UNION
WASHINGTON OFFICE
1757 N STREET, N.W.
WASHINGTON, D. C. 20036

6504 0373917

82 DEC 14 P2:26

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

September 15, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1375

Please have the attached Memo to the Commission distributed to the Commission for the meeting on September 16, 1982. Thank you.

Attachment

cc: Nathan

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RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

82 SEP 15 A9: 19

SENSITIVE

September 15, 1982

EXECUTIVE SESSION

SEP 16 1982

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

RE: MUR 1375 - Letter of August 16, 1982

Attached, for your information, is a copy of the letter of August 16, 1982, from the General Counsel to the United Auto Workers that was discussed in Executive Session on Tuesday, September 14.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY RANSOM

DATE: AUGUST 31, 1982

SUBJECT: OBJECTIONS - MUR 1375 Memorandum to the Commission dated August 30, 1982; Received in OCS, 8-30-82, 10:14

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The above-named document was circulated to the Commission on August 30, 1982 at 4:00.

Commissioners Aikens and Elliott submitted objections on August 31, 1982.

This matter will be placed on the agenda for the Executive Session of Tuesday, September 14, 1982.

August 30, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1376

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Nathan

8 3 0 4 0 3 7 3 9 2 1

Liberty House
5000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214

82 AUG 18 A11:32

Mr. Scot Thomas
Federal Election Commission
Washington, D.C. 20563

0 3 0 4 0 3 7 3 9

[illegible]
[illegible] EAST JEFFERSON AVE.
DETROIT, MICHIGAN [illegible]

RECEIVED

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

92 JUL 29 AM 8:27

N AVE.
48214

3040373994

FIRST CLASS MAIL

IF NOT DELIVERED IN 5 DAYS RETURN TO

UAW

8000 EAST JEFFERSON AVENUE DETROIT, MICHIGAN 48214

To Charles Steele, Esq.
General Counsel
Federal Election Commission
Washington, D.C. 20463

RETURN POSTAGE GUARANTEED

FORM A-4A PRINTED IN U.S.A.

June 8, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1375

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Nathan

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE
OFFICE OF THE SECRETARY TO THE COMMISSION

DATE: April 27, 1982

SUBJECT: OBJECTION - MUR 1375 - MEMORANDUM TO THE COMMISSION dated 4-23-82; Received in OCS, 4-23-82, 11:09

You were notified previously of an objection by Commissioners Harris and Reiche on April 27, 1982.

Commissioners Aikens and Elliott have also submitted objections on April 27, 1982 at 2:08.

This matter will be discussed in executive session on May 4, 1982.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY CUSTER

DATE: April 26, 1982

SUBJECT: OBJECTION - MUR 1375 - MEMORANDUM TO TO THE COMMISSION dated 4-23-82; Received in OCS, 4-23-82, 11:09

The above-named document was circulated to the Commission on a 48 hour basis on April 23, 1982 at 2:00.

Commissioners Harris and Reiche have submitted objections on April 26, 1982 at 12:01 and 4:16 respectively.

This matter will be placed on the agenda for the Executive Session of May 4, 1982.

8 3 0 4 0 3 7 3 9 2 7

April 23, 1982

MEM

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1375

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Nathan

8 3 0 4 0 3 7 3 9 2 6

Solidarity House
8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214

RECEIVED
DETROIT MICH.
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Ms. Nancy Nathan, Esq.
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

83040373929

Solidarity House
8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214

DETROIT MICH. MAR 29 '82 20

Mr. Charles Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

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Kenneth Gross
Assoc. General Counsel
Federal Election Commission
Washington, D.C. 20463

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UAW

8000 EAST JEFFERSON AVENUE DETROIT, MICHIGAN 48214

To

Nancy Nathan, Esq.
Federal Election Commission
Washington, D.C. 20463

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Charles Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

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Nancy Nathan, Esq.
Office of the General Counsel
Federal Election Commission
Washington, DC 20463

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MWE

'81 SEP 31 P2:14

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/JODY CUSTER JC

DATE: OCTOBER 1, 1981

SUBJECT: REFERRAL OF LETTER REGARDING MUR 1375

The attached letter regarding MUR 1375 was received in ViceChairman Reiche's office and then forwarded to the Office of the Commission Secretary. It is provided for your action.

Attachment:
Letter from Alan V. Reuther
Dated September 30, 1981

3 3 0 4 0 3 7 5 9 3 5

POSITION STATEMENT OF UAW,
UAW V-CAP AND CFGG ON MUR 1375

1. Committee Receipt of Funds Drawn on Local Union Accounts

The FEC basically alleges that the UAW violated the law because, while funds solicited at the local union level were accounted for separately from other union funds in the locals' books, the funds were comingled with all other local monies in a single bank account. The UAW admits that it has traditionally advised its local unions, as a matter of policy, to maintain a single bank account for all financial transactions, but to separately account for all V-CAP funds on their books. The reason for this policy is to minimize the possibilities of improper use of union funds, and to facilitate the task of UAW auditors in reviewing local union finances to insure that locals abide by the fiduciary duties imposed on them under the Landrum-Griffin Act, 29 U.S.C. §501 et seq.

It is our understanding that the FEC has recently proposed new regulations which will permit fundraising agents, such as local unions, to maintain a single bank account in which voluntary dollars and other monies are comingled, so long as the voluntary dollars are separately accounted for on the books of the fundraising agent. In light of the FEC's new position, the UAW submits that its activities have not been in violation of the FECA, and that accordingly this portion of the "reason to believe" finding should be dismissed.

2. Delay in Forwarding UAW V-CAP Receipts

The FEC basically alleges that the UAW violated the law because contributions solicited by local unions were not forwarded to the regional depositories within ten days of receipt. However, since the audit of UAW V-CAP was conducted, the FECA was amended to require that contributions of under $50 simply be forwarded to the committee depository within thirty days. Accordingly, the UAW submits that it is unreasonable for the FEC to apply the ten day requirement in the present case.

It has always been the policy of the UAW to advise local unions to forward their contributions to the regional offices as soon as possible after the contributions are received, and in all events within the

thirty day period required by law. Although there may be isolated instances where local unions retain funds beyond this period of time, we believe that most local unions have complied with the law in this regard. Moreover, even in those instances where local unions have delayed transmitting contributions beyond the thirty day period, the UAW is not aware of evidence which would suggest that there was any improper comingling or other use of the contributions. Thus, it would appear that at most there has simply been a technical violation. The UAW has already indicated to the FEC's auditors its willingness to send out additional instructions to local unions reminding them of the need to promptly transmit all contributions within thirty days. The UAW submits that this should be sufficient to reslove the matter, and that the FEC should therefore take no further action on this matter.

3. **Accounting of Fundraising Costs and Receipts**

The FEC basically alleges that the UAW has violated the law because some local unions have only been depositing the net proceeds of fundraising events with UAW V-CAP. While this may have occurred in isolated instances, we do not believe that it is a general practice. The UAW has consistently advised its local unions that, as a matter of policy, they should not pay for the costs of fundraising events out of the proceeds of those events, but rather should send the entire proceeds to the regional depositories. It is our understanding that if the local unions adhere to this policy, there will not be any violations of the recordkeeping, reporting or other requirements of the FECA. The UAW has already indicated to the FEC's auditors its willingness to send out additional instructions to local unions reminding them to send the gross proceeds of fundraising events to the regional depositories. In light of the technical nature of the alleged violation, the UAW agrees with the FEC's recommendation that no further action be taken on this matter.

4. **Accounting for Monies in Regional Depositories**

The FEC basically alleges that the UAW has violated the law by failing to report the monies held by the regional depositories of UAW V-CAP in its cash-on-hand figures. Admittedly, these monies have not

previously been reported in the cash-on-hand figures. However, this was because the UAW had previously issued instructions to the various regional offices to transmit all monies to the central depository of UAW V-CAP immediately after receiving the funds from local unions. Thus, it was assumed that there were no material amounts of money left in any of the regional depositories which needed to be reported. The UAW has already indicated to the FEC's auditors that it is willing to adopt procedures which will insure that any monies in the regional depositories are included in the cash-on-hand figures in the future. In light of the technical nature of this violation, the UAW submits that no further action should be taken on this matter.

5. **Written Solicitation of Non-Union Members**

The FEC basically alleges that the UAW has violated the law by "soliciting" clerical and administrative employees, who are not UAW members, to contribute to CFGG by means of payroll deductions. The UAW does not believe that any clerical employees have contributed to CFGG. It is true that a number of technicians who are employed by the UAW, but who are not members of the union, contribute to CFGG by means of payroll deductions. However, the UAW believes that approximately half of these individuals signed the authorization cards for the payroll deductions prior to the enactment of the provisions in the FECA limiting the various catagories of persons who can be solicited by corporations and labor unions. The UAW contends that nothing in the law obligated the union to revoke these authorizations.

In addition, although payroll deduction cards for CFGG have been made available to some non-member employees, the UAW contends that this does not amount to a "solicitation" of these persons within the meaning of the FECA. The CFGG payroll deduction cards were simply made available to new employees, along with other materials, at the time they were hired. Significantly, non-member employees were not requested or instructed, either verbally or in writing, to sign the CFGG payroll deduction authorizations. Any individuals who did sign the authorizations did so on their own initiative, and of their own free will.

As the FEC recognizes in its "reason to believe" finding, the FECA permits labor unions to make two written solicitations a year to non-member employees. Thus, even if making the CFGG payroll deduction cards available to non-member employees is considered a "solicitation", the UAW contends that this was still consistent with the spirit of the FECA, and at most constitutes a technical violation.

The UAW has already advised the FEC's auditors that it is willing to modify its employment practices, and to cease making the CFGG payroll deduction cards available to non-member employees. The UAW submits that this should be sufficient to remedy the alleged violation, and that the FEC should therefore take no further action on this matter.

6. **Improper Solicitation Disclosure and Use of Guidelines**

The FEC basically alleges that the UAW violated the law by failing to include certain disclaimers on the CFGG payroll deduction authorization cards. The UAW contends that the payroll deduction authorization card does not constitute a written "solicitation" under the FECA, and that accordingly there was no need to include the various disclaimers on the card. The UAW also wishes to point out that contributions to CFGG have always been purely voluntary. This is borne out by the fact that 39 employees of the UAW do not contribute to CFGG. Moreover, the individuals who do contribute to CFGG have always been aware of the political nature of the fund. And they have also been aware that they can contribute more or less than the suggested amount of $4 per pay period, or can decline to contribute at all.

The UAW has already advised the FEC's auditors that it is willing to add the various disclaimers to the CFGG payroll deduction authorization cards. In light of the technical nature of the alleged violation, the UAW submits that no further action should be taken on this matter.

Respectfully submitted,

Alan Reuther

Alan V. Reuther
Assistant General Counsel

AVR:jt
opeiu494afl/cio

Response to Questions

1. The FEC has previously been advised that there were approximately 1500-1600 local unions in the UAW during the period of time in question. See page 2 of FEC report.

2. Virtually all local unions collected contributions for UAW V-CAP during the period of time in question. This information is not necessary or relevant to the subject matter of MUR 1375.

3. During the period of time in question, local unions solicited and collected contributions through various methods, including raffles, fund-raising "events" and plant gate collections.

4. The UAW has traditionally had a policy of advising local unions to maintain a single bank account for all financial transactions, including the collection of contributions for UAW V-CAP. However, local unions have also been advised to separately account for all V-CAP funds on their books, so as to avoid comingling voluntary and treasury funds.

5. The UAW believes that virtually all local unions have adhered to the policy described above in paragraph #4.

6. The UAW believes that virtually all local unions which collected contributions for UAW V-CAP during the period in question deposited the contributions into the account containing local union treasury funds. However, these voluntary funds were separately accounted for on the books of the locals.

7. All contributions collected by local unions are sent to their respective regional offices, which in turn transmit the funds to the central depository of UAW V-CAP in Detroit. The regional offices provide general direction to the fund raising drives in their respective areas, and sometimes directly solicit members for contributions.

8. The UAW has never had a policy that local unions should transmit contributions collected for UAW V-CAP to the regional offices only once a year. To the contrary, the UAW has consistently maintained a policy of advising local unions to transmit all contributions to the regional offices as soon as possible after they are collected.

9. The UAW believes that it has been the practice of local unions to transmit contributions collected for UAW V-CAP to the regional offices within thirty days after they are collected.

10. The UAW has never had a policy that monies in the regional depositories not be included in the cash-on-hand figures reported by UAW V-CAP to the FEC. To the contrary, the UAW has previously instructed the regional offices that they should immediately transmit all monies received from local unions to the central depository of UAW V-CAP. Thus, it was assumed that there was no material amount of money in any of the regional depositories which needed to be reported.

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12. Approximately 700-750 of the persons employed by the UAW in staff positions were members of the Union. This information is not necessary or relevant to the subject matter of MUR 1375.

13. The FEC already has in its possission information that $22,400 was collected by CFGG from non-member employees during the period in question. See FEC report, page 6. The UAW does not have any statistics on the precise amount of money collected from non-members, but believes that the FEC's figure is a good approximation. It would be unduly burdensome for the UAW to attempt to determine the precise amount of money collected from non-members.

14. During the period in question, all employees who contributed to CFGG contributed at a rate of $4 per pay period. For administrative reasons, it is not feasible to have a payroll deduction plan with varying amounts deducted for employees. However, employees have always been aware that they are free not to participate in the payroll deduction plan. This is borne out by the fact that 39 staff employees do not currently contribute at all to CFGG. Moreover, employees have always been aware that they are free to contribute more or less than $4 per pay period, by making direct contributions to CFGG instead of participating in the payroll deduction plan.

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Alan V. Reuther
Assistant General Counsel

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Washington, D.C. 20463

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Alan V. Reuther
Assistant General Counsel

AVR:jt
opeiu494afl/cio

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Respectfully submitted,

Alan V. Reuther
Assistant General Counsel

AVR:jt
opeiu494afl/cio

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Mr. Frank Reiche, Vice Chairman
Federal Election Commission
Washington, D.C.

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FROM:

UAW
8000 EAST JEFFERSON
DETROIT, MI 48214

ROUTE:

DCA

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ORDER NUMBER: LEGAL DEPT.

CHARGES:

- CASH BY SHIPPER
- BILL TO SHIPPER
- CASH BY CONSIGNEE
- BILL TO CONSIGNEE
- BILL TO THIRD PARTY
- COMMAT
- COD

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Office of General Counsel
Federal Election Commission
Washington, D.C. 20463

3040370

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Frank P. Reiche, Vice-Chairman
Federal Election Commission
Washington, D.C. 20463

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81 SEP25 AM 11:51

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 23, 1981

Alan V. Reuther, Esquire
8000 East Jefferson Avenue
Detroit, Michigan 48214

Re: MUR 1375

Dear Mr. Reuther:

As was indicated to you in your telephone conversation with Nancy Nathan on September 17, 1981, we are treating the letter your office forwarded on September 4, 1981, as a request for an extension of time to respond to the Commission's finding of reason to believe in the above-captioned matter and the written questions propounded to your clients. In light of the fact that you were away from your office for several days and you need an opportunity to discuss the matter with your clients, we are granting an extension of fifteen days. Accordingly, your written response is due on October 1, 1981.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8304057393

10150 Solidarity House
8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214
PHONE (313) 926-5000

RECEIVED
SEP 8 P3:38
GENERAL COUNSEL

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UAW

DOUGLAS A. FRASER, PRESIDENT
RAYMOND MAJERUS, SECRETARY-TREASURER
VICE-PRESIDENTS
OWEN F. BIEBER • DONALD F. EPHLIN • MARTIN GERBER • ODESSA KOMER • MARC STEPP • ROBERT WHITE • STEPHEN P. YOKICH

JOHN A. FILLION
General Counsel
LEONARD R. PAGE
JORDAN ROSSEN
M. JAY WHITMAN
Associate General Counsel

RALPH O. JONES
CLAUDE D. MONTGOMERY
MICHAEL B. NICHOLSON
ALAN V. REUTHER
JUDITH A. SCOTT
MARLEY S. WEISS
Assistant General Counsel

GC#5418

September 4, 1981

Nancy B. Nathan, Esq.
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1375

Dear Ms. Nathan:

We have the Commission's determination of September 1st in the above.

Alan Reuther, who is handling this matter for our office, is on vacation until September 15th.

Needless to say, we are actively reviewing this matter; and will be back in touch with you shortly after Alan's return.

Sincerely,

M. Jay Whitman

M. Jay Whitman

MJW:jt
opeiu494
cc: Donald J. Moll

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8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214

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Nancy B. Nathan, Esq.
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

80040373935

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 1, 1981

Mr. Donald J. Moll
Assistant Treasurer
UAW Voluntary Community Action Program
8000 East Jefferson Avenue
Detroit, Michigan 48214

Re: MUR 1375

Dear Mr. Moll:

On August 25, 1981, the Federal Election Commission determined that there is reason to believe that the UAW, UAW-V-CAP and CFGG violated current sections 434(b)(1), 441b(b)(2)(C) and 441b(b)(4)(A)(ii), and former sections 432(c)(1), 432(c)(3), 434(b)(8), 434(b)(11) and 437b(a)(2) of Title 2, United States Code, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), as well as sections 103.3(a), 114.5(a)(2), 114.5(a)(3), 114.5(a)(4) and 114.5(a)(5) of Title 11 of the Code of Federal Regulations. These indicated violations appear to be made out by: commingling of local members' contributions to UAW-V-CAP and general local monies in one bank account, with only occasional forwarding of the contributions to UAW-V-CAP's national segregated account; the reporting and depositing only of net proceeds in some fundraising activities, and payment for merchandise other than by committee check; failure to include monies held at regional UAW-V-CAP depositories in calculating cash-on-hand figures reported to the Commission; CFGG solicitation of non-member employees of the union; and improper CFGG use of "guidelines" for contributions, as well as failure to inform members of the voluntary nature and political purpose of the fund. In connection with the reporting and depositing only of net proceeds in some fundraising activities, and payment for merchandise other than by committee check, the Commission voted to take no further action. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against UAW, UAW-V-CAP or CFGG. Please

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submit any factual or legal materials you believe relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against UAW, UAW-V-CAP or CFGG, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe, if you so desire.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Nancy B. Nathan, the attorney assigned to this matter, at 202-523-4060.

Sincerely,

Frank P. Reiche

Frank P. Reiche
Vice Chairman

Enclosures:
General Counsel's Factual and Legal Analysis
Procedures

cc: Mr. Alan Reuther, Esq.
8000 East Jefferson Avenue
Detroit, Michigan 48214

83040357956

NUR 1275 Nathan

PS Form 3811, Jan. 1979

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
- ☐ Show to whom and date delivered.....¢
- ☐ Show to whom, date and address of delivery.....¢
- ☐ RESTRICTED DELIVERY
  Show to whom and date delivered.....¢
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery.$____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Mr. Donald J. Noll
8000 East Jefferson Ave
Detroit, Michigan

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943118	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
R Pierce

4. DATE OF DELIVERY
9-9-81

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

POSTMARK
SEP 9 1981
DETROIT, MICH.

CLERK'S INITIALS

☆GPO : 1979-000-000

9-1-81

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 1375
STAFF MEMBER(S) & TEL. NO.

Nancy Nathan

(202) 523-4073

RESPONDENTS: United Automobile, Aerospace and Agricultural Implement Workers of America (UAW); United Auto Workers Voluntary Community Action Program (UAW-V-CAP); UAW Committee for Good Government (CFGG)

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The statutory and regulatory violations which were indicated by the Audit Division's audit of respondents UAW, UAW-V-CAP and CFGG, for the period January 1, 1977, through March 31, 1979, were: 2 U.S.C. §§ 434(b)(1), 441b(a), 441b(b)(4)(A)(ii); former 2 U.S.C. §§ 432(c)(1), 432(c)(3), 434(b)(8), 434(b)(11), 437b(a)(2); 11 C.F.R. §§ 103.3(a), 114.5(a)(2)(i), 114.5(a) (2)(ii), 114.5(a)(3), 114.5(a)(4) and 114.5(a)(5).

The interim audit report of respondents UAW and UAW-V-CAP, dated March 4, 1981, revealed that, while funds solicited at the local level by UAW-V-CAP are accounted for separately from other union funds in the locals' books, the funds are commingled with all other local monies in one bank account. The funds raised are forwarded irregularly to union headquarters in Detroit via the regional units, with delays of up to ten months observed by the auditors.

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In UAW-V-CAP fundraising projects conducted by one audited local, only net proceeds of the projects were reported and deposited in the local's account. Funds expended to purchase materials sold and complete receipts from their sale were not reported. Additionally, the merchandise was not paid for by committee check.

Monies held at the approximately 18 regional level UAW offices were not included in the UAW-V-CAP reports of cash-on-hand filed with the Commission, the audit revealed.

As to respondent CFGG, which is the committee to which employees of the UAW contribute, the audit disclosed several apparent violations. New union employees are given a check-off card (see Attachments 1 and 2) to complete along with other routine forms related to their employment. That form did not communicate to the employees the political purpose of the fund and that contributions to CFGG were to be voluntary. Further, the audit showed, the solicitees were not told that the guideline amount employees were asked to contribute was a suggested amount only.

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FACTUAL AND LEGAL ANALYSIS

I. Findings in the UAW-V-CAP Audit

A. Committee Receipt of Funds Drawn on Local Union Accounts

1. Commingling of UAW-V-CAP Receipts and General Local Funds

According to information obtained by the auditors, the UAW-V-CAP organizational structure consists of approximately 1500-1600 local unions which solicit contributions from union

members, approximately 18 regional offices to which the locals transfer contributions, and the UAW-V-CAP office in Detroit which ultimately receives the contributions received by the regional offices. CFGG exists to solicit contributions from the staff of the UAW. Retirees of the UAW are generally solicited for contributions by the various regional offices. Only UAW-V-CAP, CFGG, and the various regional accounts are designated campaign depositories.

The audit revealed that local members' contributions to UAW-V-CAP, while separately accounted for in the local union's books, are commingled with all other local union monies in one bank account. 1/ The auditors were informed that it is a union requirement that each local union have one and only one account. Transfers of the solicited contributions from the locals to the regional accounts are sporadic, but are made at least annually, following each "dollar drive" campaign. The audit revealed that funds may lie in the unsegregated local accounts for as long as ten months.

While labor unions are permitted to solicit contributions to a political fund, the monies in the fund must be separate and segregated. See 2 U.S.C. § 441b(b)(2)(C). Where, as here, the local unions collect funds on behalf of UAW-V-CAP through dollar

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1/ The audit conducted did not review the contribution records of every local and regional union. Rather, two regional unions and four local unions were selected for review.

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drives, raffles, and other fundraising methods, and then deposit those proceeds into the general treasury account of the locals, there appears to be a clear violation of 2 U.S.C. § 441b. Although the Commission has sanctioned the collection of contributions to a union PAC concurrently with union dues via a joint check off, and the deposit of those funds together in a union account for subsequent division, (see Advisory Opinion 1978-98), it has not indicated that contributions collected separately may be deposited into a union account. Nor do the Commission's regulations authorize the practice of the UAW locals, for they specifically require that a transmittal account containing only permissible funds be used or that the contributions be transmitted directly without depositing them. See 11 C.F.R. § 102.6(b)(1)(2).

2. Delay in Forwarding UAW-V-CAP Receipts

Former 11 C.F.R. § 103.3(a) required during the period of the audit that all contributions received by a political committee must be deposited in a checking account in an appropriate campaign depository by the committee treasurer or his agent within ten days of receipt. In the case of the four locals audited, it appears that virtually all contribution receipts were held more than ten days before being forwarded to the regional union accounts.

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b. Accounting of Fundraising Costs and Receipts

During the period of the audit, 2 U.S.C. §§ 432(c)(1) and (3) required a political committee treasurer to keep detailed accounts of contributions and expenditures. Also during the period of the audit, 2 U.S.C. § 434(b)(8) required a political committee to report the total sum of its receipts, and 2 U.S.C. § 434(b)(11) required a political committee to report its total expenditures. Further, during the period of of the audit former 2 U.S.C. § 437b(a)(2) provided that no committee expenditure may be made except by a check drawn on a designated committee depository (other than petty cash).

The auditors found that in one of the two locals chosen for review (local 786, York, Pa.), the cost of merchandise sold in fundraising projects was deducted before the proceeds were deposited in the local account. The same practice of depositing only net proceeds was followed with respect to a raffle conducted by that Local, also to benefit UAW-V-CAP. The national office was notified only of the amount of the net proceeds. Payment was made other than from a check drawn on a committee depository. It thus appears that violations of former 2 U.S.C. §§ 432(c)(1) and (3), 434(b)(8) and (11) and 437b(a)(2) have occurred.

c. Accounting for Monies in Regional Depositories

Section 434(b)(1) of the Federal Election Campaign Act of 1971, as amended ("the Act") requires political committees to report cash-on-hand at the beginning of reporting periods.

The audit revealed that the UAW-V-CAP committee reports to the Commission have not included funds held by any of its regional depositories (the middle tier between the local and national levels) in its cash-on-hand figures. This finding was borne out in the auditor's study of the two regional offices it focused upon; bank records in Baltimore and Grand Rapids, Michigan revealed that cash-on-hand there was not included in the national committee's reported cash-on-hand.

II. Audit Findings With Respect to CFGG

A. Written Solicitation of Non-Union Members

Section 441b(b)(4)(A)(ii) of the Act prohibits a labor organization or its separate segregated fund from soliciting contributions from anyone other than its members and their families. Section 114.1(e) of 11 C.F.R. defines labor organization "members" as all persons satisfying the membership requirements of a local, national or international organization.

The audit revealed that UAW clerical and administrative employees, who are not UAW members, are solicited by means of payroll deductions. Each employee is solicited to contribute $2 weekly, or $98 annually, and the audit indicated that during March, 1979, 93 contributors out of 820 were non-union administrative and clerical employees. During the course of the audit period, such non-union contributions would have totalled about $22,400, according to the auditors.

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The Commission has viewed the language of § 441b(b)(4)(A)(ii) as limiting the class of persons who may be solicited for contributions to a separate segregated fund of a labor organization. In developing regulations to implement the statute, the Commission considered whether employees of a labor organization should be solicited on the same basis as its members, but rejected that as unsupported by the statutory language. See, Explanation and Justification of the Commission's Regulations, House Doc. No. 95-44, 95th Cong., 1st Sess. at 108 (1977); FEC Advisory Opinion 1979-50 at 2.

It should be noted that the prohibition on solicitation of non-members, here union employees, does not amount to a total bar to their contributing to CFGG, in view of the union's ability to accept unsolicited voluntary contributions from non-members under 11 C.F.R. § 114.5(j), and the option of twice-yearly solicitation of non-member employees available under 11 C.F.R. § 114.6.

b. Improper Solicitation Disclosure and Use of Guidelines

Sections 114.5(a)(2)(i) and (ii) of 11 C.F.R. provide that suggested amount "guidelines" may be offered to contributors as long as it is made clear the amounts are only suggested. Sections 114.5(a)(3) and (4) of 11 C.F.R. require a separate segregated fund to inform members of the political purposes and voluntary nature of the fund, and of a member's right to decline without reprisal. 11 C.F.R. § 114.5(a)(5) requires the statements in 11 C.F.R. §§ 114.5(a)(2), (3) and (4)

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to appear on written solicitation materials.

Attachment one is the check-off card by which UAW employees authorized payroll deductions for their weekly contribution to CFGG. Attachment two is the list of "UAW Enrollment Forms" which new employees of the union were asked to complete; the "PAC Card" reference is to the payroll deduction authorization.

The check-off card does not make it clear that $2 is a suggested amount only, as is required by 11 C.F.R. § 114.5(a)(2)(i), and that a contribution of another amount will not favor or disadvantage the contributor. § 114.5(a)(2)(ii). The card does not inform the employee of the political purposes of the fund [§ 114.5(a)(3)], and does not inform the employee of the right to refuse to contribute without fear of reprisal. § 114.5(a)(4). All of those qualifying statements are required to appear on the solicitation card. § 114.5(a)(5).

RECOMMENDATION

Therefore, the General Counsel recommends that the Commission:

1. Find reason to believe that respondents UAW and UAW-V-CAP violated 2 U.S.C. § 441b(b)(2)(C) by reason of UAW-V-CAP's failure to establish and maintain separate and segregated accounts at the local level for deposit of V-CAP contributions.

2. Find reason to believe that respondents UAW and UAW-V-CAP violated 11 C.F.R. § 103.3(a) by reason of UAW-V-CAP's failure to deposit all contributions received by the committee in a committee checking account within ten days of their receipt.

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3. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. §§ 432(c)(1) and (3) by reason of UAW-V-CAP's failure to keep detailed accounts of contributions and expenditures in connection with its fundraising events, and take no further action.

4. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 434(b)(8) and (11) by UAW-V-CAP's failure to report all contributions and expenditures in connection with its fundraising events, and take no further action.

5. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 437b(a)(2) by making committee expenditures in connection with fundraising events other than by check drawn on a designated campaign depository, and take no further action.

6. Find reason to believe that respondents UAW and UAW-V-CAP violated 2 U.S.C. § 434(b)(1) by UAW-V-CAP's failure to include funds held at the regional level depositories in its cash-on-hand reports.

7. Find reason to believe that respondents UAW and CFGG violated 2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions from non-member employees of the union.

8. Find reason to believe that respondents UAW and CFGG violated 11 C.F.R. §§ 114.5(a)(2), (3), (4) and (5) by failing to inform solicitees, on written solicitation materials, of the political purpose of the fund, of a member's right to decline to contribute without reprisal, and that the "guideline" amounts were suggested amounts only.

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(8/77)

Attachment 1

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5-17-77

Committee For Good Government
Payroll deduction Authorization + Check List

EMIL MAZEY, SECRETARY-TREASURER, UAW:

Effective with the pay period in which my employment with the UAW started and continuing until I notify you otherwise, I am requesting that you deduct the sum of $2.00 each week from my salary. This sum is to be paid to the UAW Political Action Account as a voluntary contribution from me.

oeiu42aflcio

Name of Representative

Date

Dept. or Region

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Attachment 2

8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214
PHONE (313) 926-5000

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UAW

DOUGLAS A. FRASER, PRESIDENT

EMIL MAZEY, SECRETARY-TREASURER

VICE-PRESIDENTS

PAT GREATHOUSE • KEN BANNON • IRVING BLUESTONE • ODESSA KOMER • MARC STEPP • MARTIN GERBER • ROBERT WHITE

DATE_____

MEMORANDUM TO:_____

FROM: Arthur M. Miller, Director Accounting Department

SUBJECT: UAW ENROLLMENT FORMS

The UAW Enrollment Forms indicated below are enclosed. They must be completed and returned to the Insurance Office of the Accounting Department as soon as possible. A self-addressed envelope is enclosed.

( ) Proof of Birthdate
( ) Federal Withholding Exemption Certificate
( ) State Withholding Exemption Certificate
( ) City Withholding Exemption Certificate
( ) Personnel Report
( ) Pension Enrollment Card
( ) Designation of Beneficiary for Pension & Severance
( ) Employment Record Card
( ) PAC Card
( ) Dues Deduction Authorization
( ) Life Insurance Application & Designation of Beneficiary
( ) Application for Membership, OPEIU Local 494
( ) Solidarity House Blood Bank Application
( ) Health Service, Inc. Application for Major Medical
( ) Michigan Blue Cross-Blue Shield/Metro Health Plan (choose one)
( ) *Group Life Insurance Application for Spouse and/or Eligible Dependents through Payroll Deduction
( ) Dental Plan Materials - Michigan - Delta Dental Plan
- Outstate - Aetna Dental Plan
( ) EEOC Card
( ) Other Outstate Health Insurance Plan

_____ _____

Canadian Employees please send us your Unemployment Insurance Book.

If you have already completed and returned any of the enclosed forms, please disregard duplicates.

*This insurance is available only to permanent employees.

AMM:ch
opeiu494
enclosures

PRINTED IN USA

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QUESTIONS

1. How many UAW locals were there in the United States as of January 1, 1977? As of January 1, 1978? As of January 1, 1979? As of January 1, 1980? As of January 1, 1981?

2. How many locals collected contributions for UAW-V-CAP during 1977? During 1978? During 1979? During 1980?

3. Please describe the various methods by which locals solicited and collected contributions for UAW-V-CAP during the period of January 1, 1977, through the present.

4. At any time from January 1, 1977, through the present did the UAW have a policy or requirement that locals maintain one single bank account for all financial activities including the collection of contributions for UAW-V-CAP? If so, please provide copies of any written materials wherein this policy or requirement is set forth.

5. If there was no such UAW policy or requirement, was it nonetheless the practice of locals to maintain one single bank account for all financial transactions, including the collection of contributions for UAW-V-CAP?

6. Of the locals that collected contributions for UAW-V-CAP during 1977, how many deposited contributions into an account containing local treasury funds? How many did so in 1978? How many did so in 1979? How many did so in 1980?

7. Please explain the role of the UAW regional offices in soliciting and collecting contributions for UAW-V-CAP during the period of January 1, 1977, through the present.

8. At any time from January 1, 1977, through the present, did the UAW have a policy or requirement that locals transmit contributions collected for UAW-V-CAP to the regionals only once a year? If so, please provide copies of any written materials wherein this policy or requirement is set forth.

9. If there was no such UAW policy or requirement, was it nonetheless the practice of the locals to transmit contributions collected for UAW-V-CAP to the regionals only once a year?

10. At any time from January 1, 1977, through the present, did the UAW have a policy or requirement that contributions collected by the regionals not be included in the cash-on-hand figures reported by UAW-V-CAP in its filings with the Commission? Please provide copies of any written materials reflecting UAW policy on reporting contributions collected by the regionals.

11. How many persons were employed by UAW in each year during the period 1977 through 1980?

12. For each of the years 1977 through 1980, how many UAW employees were UAW union members?

13. For the years 1977 through 1980, list the total amounts collected in each year by CFGG from UAW employees who were not UAW members.

14. For the period 1977 through 1980, list those UAW employees who contributed to CFGG and contributed at a rate less than $4 per pay period.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), et al.	)	MUR 1375

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on August 25, 1981, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 1375:

1. Find reason to believe that respondents UAW and UAW-V-CAP violated 2 U.S.C. §441b(b)(2)(C) by reason of AUW-V-CAP's failure to establish and maintain separate and segregated accounts at the local level for deposit of V-CAP contributions.

2. Find reason to believe that respondents UAW and UAW-V-CAP violated 11 C.F.R. §103.3(a) by reason of UAW-V-CAP's failure to deposit all contributions received by the committee in a committee checking account within ten days of their receipt.

3. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. §§432(c)(1) and (3) by reason of UAW-V-CAP's failure to keep detailed accounts of contributions and expenditures in onnection with its fundraising events, and take no further action.

4. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. §434(b)(8) and (11) by UAW-V-CAP's failure to report all contributions and expenditures in connection with its fundraising events, and take no further action.

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5. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. §437b(a)(2) by making committee expenditures in connection with fundraising events other than by check drawn on a designated campaign depository, and take no further action.

6. Find reason to believe that respondents UAW and UAW-V-CAP violated 2 U.S.C. §434(b)(1) by UAW-V-CAP's failure to include funds held at the regional level depositories in its cash-on-hand reports.

7. Find reason to believe that respondents UAW and CFGG violated 2 U.S.C. §441b(b)(4)(A)(ii) by soliciting contributions from non-member employees of the union.

8. Find reason to believe that respondents UAW and CFGG violated 11 C.F.R. §§114.5(a)(2), (3), (4) and (5) by failing to inform solicitees, on written solicitation materials, of the political purpose of the fund, of a member's right to decline to contribute without reprisal, and that the "guideline" amounts were suggested amounts only.

9. Approve and send the letters attached to the General Counsel's August 17, 1981 report.

Commissioners Aikens, Harris, McGarry, Thomson, and Tiernan voted affirmatively for the decision; Commissioner Reiche dissented.

Attest:

8/28/81
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE MWE

FROM: MARJORIE W. EMMONS/JODY CUSTER Jc

DATE: AUGUST 20, 1981

SUBJECT: OBJECTION-MUR 1375 First General Counsel's Report dated 8-17-81; Received in OCS, 8-17-81, 4:42

The above-named document was circulated on a 48 hour vote basis at 11:00, August 18, 1981.

Commissioner Reiche submitted an objection at 9:23, August 20, 1981.

This matter will be placed on the Executive Session Agenda for Tuesday, August 25, 1981. A copy of Commissioner Reiche's vote sheet with his comments is attached.

Attachment:
Vote sheet

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48 HOUR TALLY SHEET

SENSITIVE

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

81 AUG 20 A 9: 23

Date and Time Transmitted: TUESDAY, 8-18-81, 11:00

Commissioner McGARRY, AIKENS, TIERNAN, THOMSON, REICHE, HARRIS

RETURN TO OFFICE OF COMMISSION SECRETARY BY: THURSDAY, AUGUST 20, 1981, 11:00

MUR No. 1375 First General Counsel's Report dated 8-17-81

( ) I approve the recommendation

(✓) I object to the recommendation

COMMENTS:

Date: 8/20/81 Signature: Frank P. Reiche

A DEFINITE VOTE IS REQUIRED AND ALL SHEETS SIGNED AND DATED. PLEASE RETURN ONLY THE VOTE SHEETS TO THE OFFICE OF THE COMMISSION SECRETARY NO LATER THAN THE DATE AND TIME SHOWN ABOVE.

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August 17, 1981

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A.Kayson

SUBJECT: MUR 1375

Please have the attached First General Counsel's Report distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Nathan

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FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

31 AUG 17 P4: 42

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 8-11-81

MUR# 1375
STAFF MEMBER(S)
Nancy Nathan

523-4073

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

RESPONDENT'S NAME: United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)
United Auto Workers Voluntary Community Action Program (UAW-V-CAP); UAW Committee for Good Government (CFGG)

RELEVANT STATUTE: 2 U.S.C. §§ 434(b)(1), 441b(a), 441b(b)(4)(A)(ii); former 2 U.S.C. §§ 432(c)(1), 432(c)(3), 434(b)(8), 434(b)(11), 437b(a)(2)
11 C.F.R. §§ 103.3(a), 114.1(e), 114.5(a)(2)(i), 114.5(a)(2)(ii), 114.5(a)(3), 114.5(a)(4) and 114.5(a)(5).

INTERNAL REPORTS CHECKED: None

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

Following the Audit Division audit of respondents for the period January 1, 1977 through March 31, 1979, five findings of the auditors were referred to the Office of General Counsel (OGC) for further review, on OGC's recommendation. (Three of these matters were noted during the audit of UAW-V-CAP, two during the audit of CFGG).

SUMMARY OF ALLEGATIONS

The interim audit report of respondents UAW and UAW-V-CAP, dated March 4, 1981, revealed that, while funds solicited at the local level by UAW-V-CAP are accounted for separately from other union funds in the locals' books, the funds are

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commingled with all other local monies in one bank account. The funds raised are forwarded irregularly to union headquarters in Detroit via the regional units, with delays of at least ten months observed by the auditors.

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The audit revealed that local members' contributions to UAW-V-CAP, while separately accounted for in the local union's books, are commingled with all other local union monies in one bank account. While the audit did not review the contribution records of every local and regional union, but selected for review two regionals and four locals, the auditors were informed that it is a union requirement that each local union have one and only one account. Transfers of the solicited contributions from the locals to the regional accounts are sporadic, but are made at least annually, following each "dollar drive" campaign. The audit revealed that funds may lie in the unsegregated local accounts for as long as ten months.

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While labor unions are permitted to solicit contributions to a political fund, the monies in the fund must be separate and segregated. See 2 U.S.C. § 441b(b)(2)(C). Where, as here, the local unions collect funds on behalf of UAW-V-CAP through dollar drives, raffles, and other fundraising methods, and then deposit those proceeds into the general treasury accounts of the locals, there appears to be a clear violation of 2 U.S.C. § 441b(b)(2)(C). Although the Commission has sanctioned the collection of contributions to a union PAC concurrently with union dues via a joint check off, and the deposit of those funds together in a union account for subsequent division, (see Advisory Opinion 1978-98), it has not indicated that contributions collected separately may be deposited into a union account. Nor do the Commission's regulations authorize the practice of the UAW locals, for they specifically require that a transmittal account containing only permissible funds be used or that the contributions be transmitted directly without depositing them. See 11 C.F.R. § 102.6(b)(1)(2).

The magnitude of the commingling problem can be projected based on the audit figures available. Of the total 1977-1978 receipts of UAW-V-CAP from the various regionals, ($1,286,725.44), approximately 79%, or $1,016,513.10, was collected from local unions which presumably had commingled the funds with treasury monies. 1/ Thus, very large sums of commingled monies were

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1/ This projection is based on the percentage of the transfers by the two regional accounts audited which did not represent receipts from retirees solicited separately by the regionals themselves. Thus, of the $251,612.43 transferred by the Baltimore and Grand Rapids regionals, $199,224.70 represented receipts from the various locals.

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received by UAW-V-CAP during the period covered by the audit.

2. Delay in Forwarding UAW-V-CAP Receipts

Former 11 C.F.R. § 103.3(a) required during the period of the audit that all contributions received by a political committee must be deposited in a checking account in an appropriate campaign depository by the committee treasurer or his agent within ten days of receipt. 2/ In the case of the four locals audited, it appears that virtually all contribution receipts were held more than ten days before being forwarded to the regional union accounts.

b. Accounting of Fundraising Costs and Receipts

During the period of the audit, 2 U.S.C. §§ 432(c)(1) and (3) required a political committee treasurer to keep detailed accounts of contributions and expenditures. Also during the period of the audit, 2 U.S.C. § 434(b)(8) required a political committee to report the total sum of its receipts, and 2 U.S.C. § 434(b)(11) required a political committee to report its total expenditures. Further, during the period of

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2/ Former 11 C.F.R. § 102.8 is inapplicable in this case because it pertains to reporting of contributions by persons not authorized agents of a committee treasurer. The persons receiving UAW-V-CAP contributions at the local level did act as authorized agents of the treasurer. See MUR 1214, Montgomery County Democratic Committee, in which precinct workers collecting "Dollars for Democrats" were deemed agents, and therefore their failure to forward receipts within the required period was considered violative of 11 C.F.R. § 103.3(a), rather than of § 102.8.

After completion of the audit fieldwork, 2 U.S.C. § 432 was amended to require that contributions be forwarded to the committee treasurer within thirty days of receipt, or within ten days, for contributions over $50. 2 U.S.C. § 432(b)(2).

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of the audit former 2 U.S.C. § 437b(a)(2) provided that no committee expenditure may be made except by a check drawn on a designated committee depository (other than petty cash).

The auditors found that in one of the two locals chosen for review (local 786, York, Pa.), the cost of merchandise sold in fundraising projects was deducted before the proceeds were deposited in the local account. The same practice of depositing only net proceeds was followed with respect to a raffle conducted by that Local, also to benefit UAW-V-CAP. The national office was notified only of the amount of the net proceeds. Payment was made other than from a check drawn on a committee depository. It thus appears that violations of former 2 U.S.C. §§ 432(c)(1) and (3), 434(b)(8) and (11) and 437b(a)(2) have occurred.

While these violations would not have occurred if the locals had expended general treasury monies for fundraising costs as is permitted by 2 U.S.C. § 441b(b)(2)(C), in fact that was not the practice. The auditors' findings as to fundraising practices are borne out in the UAW's response to the interim audit report. Furnished with that response was a memo on the audit which was distributed to the union's Executive Board and which advised that, in the future, locals should use dues monies to pay for costs associated with fundraising, and in particular, with V-CAP dollar drives. See Attachment 3.

Nevertheless, since the fundraising activities were permissible and the violations resulted from the locals'

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failure to separately record and report expenditures and receipts, and the manner of payment for the goods purchased for resale, the Office of General Counsel recommends taking no further action in connection with these alleged violations.

C. Accounting for Monies in Regional Depositories

2 U.S.C. § 434(b)(1) requires political committees to report cash-on-hand at the beginning of reporting periods.

The audit revealed that the UAW-V-CAP committee reports to the Commission have not included funds held by any of its regional depositories (the middle tier between the local and national levels) in its cash-on-hand figures. This finding was borne out in the auditor's study of the two regional offices it focused upon; bank records in Baltimore and Grand Rapids, Michigan revealed that cash-on-hand there was not included in the national committee's reported cash-on-hand.

II. Audit Findings With Respect to CFGG

A. Written Solicitation of Non-Union Members

Section 441b(b)(4)(A)(ii) of the Act prohibits a labor organization or its separate segregated fund from soliciting contributions from anyone other than its members and their families. Section 114.1(e) of 11 C.F.R. defines labor organization "members" as all persons satisfying the membership requirements of a local, national or international organization.

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The audit revealed that UAW clerical and administrative employees, who are not UAW members, are solicited by means of payroll deductions. Each employee is solicited to contribute $2 weekly, or $98 annually, and the audit indicated that during March, 1979, 93 contributors out of 820 were non-union administrative and clerical employees. During the course of the audit period, such non-union contributions would have totalled about $22,400, according to the auditors.

The Commission has viewed the language of § 441b(b)(4)(A)(ii) as limiting the class of persons who may be solicited for contributions to a separate segregated fund of a labor organization. In developing regulations to implement the statute, the Commission considered whether employees of a labor organization should be solicited on the same basis as its members, but rejected that as unsupported by the statutory language. See, Explanation and Justification of the Commission's Regulations, House Doc. No. 95-44, 95th Cong., 1st Sess. at 108 (1977); FEC Advisory Opinion 1979-50 at 2.

It should be noted that the prohibition on solicitation of non-members, here union employees, does not amount to a total bar to their contributing to CFGG, in view of the union's ability to accept unsolicited voluntary contributions from non-members under 11 C.F.R. § 114.5(j), and the option of twice-yearly solicitation of non-member employees available under 11 C.F.R. § 114.6.

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B. Improper Solicitation Disclosure and Use of Guidelines

Sections 114.5(a)(2)(i) and (ii) of 11 C.F.R. provide that suggested amount "guidelines" may be offered to contributors as long as it is made clear the amounts are only suggested. Sections 114.5(a)(3) and (4) of 11 C.F.R. require a separate segregated fund to inform members of the political purposes and voluntary nature of the fund, and of a member's right to decline without reprisal. 11 C.F.R. § 114.5(a)(5) requires the statements in 11 C.F.R. §§ 114.5(a)(2), (3) and (4) to appear on written solicitation materials.

Attachment one is the check-off card by which UAW employees authorized payroll deductions for their weekly contribution to CFGG. Attachment two is the list of "UAW Enrollment Forms" which new employees of the union were asked to complete; the "PAC Card" reference is to the payroll deduction authorization.

The check-off card does not make it clear that $2 is a suggested amount only, as is required by 11 C.F.R. § 114.5(a)(2)(i), and that a contribution of another amount will not favor or disadvantage the contributor. § 114.5(a)(2)(ii). The card does not inform the employee of the political purposes of the fund [§ 114.5(a)(3)], and does not inform the employee of the right to refuse to contribute without fear of reprisal. § 114.5(a)(4). All of those qualifying statements are required to appear on the solicitation card. § 114.5(a)(5).

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RECOMMENDATION

1. Find reason to believe that respondents UAW and UAW-V-CAP violated 2 U.S.C. § 441b(b)(2)(C) by reason of UAW-V-CAP's failure to establish and maintain separate and segregated accounts at the local level for deposit of V-CAP contributions.

2. Find reason to believe that respondents UAW and UAW-V-CAP violated 11 C.F.R. § 103.3(a) by reason of UAW-V-CAP's failure to deposit all contributions received by the committee in a committee checking account within ten days of their receipt.

3. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. §§ 432(c)(1) and (3) by reason of UAW-V-CAP's failure to keep detailed accounts of contributions and expenditures in connection with its fundraising events, and take no further action.

4. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 434(b)(8) and (11) by UAW-V-CAP's failure to report all contributions and expenditures in connection with its fundraising events, and take no further action.

5. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 437b(a)(2) by making committee expenditures in connection with fundraising events other than by check drawn on a designated campaign depository, and take no further action.

6. Find reason to believe that respondents UAW and UAW-V-CAP violated 2 U.S.C. § 434(b)(1) by UAW-V-CAP's failure to include funds held at the regional level depositories in its cash-on-hand reports.

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7. Find reason to believe that respondents UAW and CFGG violated 2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions from non-member employees of the union.

8. Find reason to believe that respondents UAW and CFGG violated 11 C.F.R. §§ 114.5(a)(2), (3), (4) and (5) by failing to inform solicitees, on written solicitation materials, of the political purpose of the fund, of a member's right to decline to contribute without reprisal, and that the "guideline" amounts were suggested amounts only.

9. Approve and send the attached letters.

Charles N. Steele
General Counsel

Aug 17, 1981
Date

BY: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments

1. CFGG solicitation card
2. UAW Enrollment Form
3. UAW Memorandum on audit report
4. Final Audit Reports
5. Proposed letter

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Federal Election Commission
(8/77)

Attachment 1

Attachment 1

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5-17-76

Committee For Good Government
Payroll deduction Authorization + Check list

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EMIL MAZEY, SECRETARY-TREASURER, UAW:

Effective with the pay period in which my employment with the UAW started and continuing until I notify you otherwise, I am requesting that you deduct the sum of $2.00 each week from my salary. This sum is to be paid to the UAW Political Action Account as a voluntary contribution from me.

oeiu42aflcio

Name of Representative

Date

Dept. or Region

Attachment 2

8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214
PHONE (313) 926-5000

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UAW

DOUGLAS A. FRASER, PRESIDENT
EMIL MAZEY, SECRETARY-TREASURER

VICE-PRESIDENTS
PAT GREATHOUSE • KEN BANNON • IRVING BLUESTONE • ODESSA KOMER • MARC STEPP • MARTIN GERBER • ROBERT WHITE

DATE_____

MEMORANDUM TO:_____

FROM: Arthur M. Miller, Director Accounting Department

SUBJECT: UAW ENROLLMENT FORMS

The UAW Enrollment Forms indicated below are enclosed. They must be completed and returned to the Insurance Office of the Accounting Department as soon as possible. A self-addressed envelope is enclosed.

( ) Proof of Birthdate
( ) Federal Withholding Exemption Certificate
( ) State Withholding Exemption Certificate
( ) City Withholding Exemption Certificate
( ) Personnel Report
( ) Pension Enrollment Card
( ) Designation of Beneficiary for Pension & Severance
( ) Employment Record Card
( ) PAC Card
( ) Dues Deduction Authorization
( ) Life Insurance Application & Designation of Beneficiary
( ) Application for Membership, OPEIU Local 494
( ) Solidarity House Blood Bank Application
( ) Health Service, Inc. Application for Major Medical
( ) Michigan Blue Cross-Blue Shield/Metro Health Plan (choose one)
( ) *Group Life Insurance Application for Spouse and/or Eligible Dependents through Payroll Deduction
( ) Dental Plan Materials - Michigan - Delta Dental Plan
- Outstate - Aetna Dental Plan
( ) EEOC Card
( ) Other Outstate Health Insurance Plan
_____

Canadian Employees please send us your Unemployment Insurance Book.

If you have already completed and returned any of the enclosed forms, please disregard duplicates.

*This insurance is available only to permanent employees.

AMM:ch
opeiu494
enclosures

PRINTED IN USA

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Attachment 3

8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214
PHONE (313) 926-5000

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UA

DOUGLAS A. FRASER, PRESIDENT
EMIL MAZEY, SECRETARY-TREASURER

VICE-PRESIDENTS
PAT GREATHOUSE • KEN BANNON • IRVING BLUESTONE • ODESSA KOMER • MARC STEPP • MARTIN GERBER • ROBERT WHITE

JOHN A. FILLION
General Counsel
LEONARD R. PAGE
JORDAN ROSSEN
M. JAY WHITMAN
Associate General Counsel

RALPH O. JONES
CLAUDE D. MONTGOMERY
MICHAEL B. NICHOLSON
ALAN V. REUTHER
JUDITH A. SCOTT
MARLEY S. WEISS
Assistant General Counsel

April 15, 1981

Robert J. Costa
Assistant Staff Director
for the Audit Division
Federal Election Commission
Washington, D.C. 20463

Re: Interim Reports of the Audit Division on UAW V-CAP and CFGG

Dear Mr. Costa:

We have reviewed the interim reports prepared by the Audit Division of the Federal Election Commission concerning the audits which were conducted on the activities of the UAW-Voluntary Community Action Program (UAW V-CAP) and the Committee for Good Government (CFGG) during the period between January 1, 1977 and March 31, 1979. Although we believe that some of the findings and recommendations contained in these interim reports reflect an overly technical approach towards the application of the Federal Election Campaign Act, nevertheless the UAW is prepared to take certain steps to address the problems discussed in these reports.

Enclosed you will find drafts of four separate memoranda addressed to the UAW's International Executive Board, as well as the responsible officials in the Union's Washington Office and Accounting Department, requesting that they take immediate steps to implement certain policies and procedures designed to insure compliance with various provisions of the Federal Election Campaign Act. We believe that these memoranda address all of the points raised in your two interim reports. We are confident that any problems uncovered by the Audit Division can be promptly corrected in this fashion.

Please let me know if these memoranda meet with your approval. If so, the UAW will send them out forthwith. Of course, we would be happy to meet with officials of the Federal Election Commission to discuss any aspects of these memoranda and the operations of UAW V-CAP and CFGG.

Sincerely,

Alan V. Reuther
Assistant General Counsel

AVR:jt
opeiu494afl/cio

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Inter-Office Communication

April 15, 1981

To International Executive Board

From Hank Lacayo and Alan Reuther

Subject Audit of UAW V-CAP and CFGG by Federal Election Commission

Greetings:

The Federal Election Commission (FEC) recently submitted an interim report to the UAW advising us of the preliminary findings and recommendatons resulting from an audit which was conducted by the FEC's staff covering the period between January 1, 1977 and March 31, 1979. Although this audit disclosed that the UAW was generally in compliance with the provisions of the Federal Electron Campaign Act (FECA), the FEC's interim report did recommend that the Union take certain steps to rectify a number of problems.

Accordingly, to insure that the UAW fully complies with the provisions of the FECA in the future, this is to remind you that the International Union and its Regional Offices, as well as all Local Unions and CAP Councils, should strictly adhere to the following rules in conducting all activities connected with federal election campaigns, including fundraising drives for UAW V-CAP.

Disclaimers

1. The FECA requires that all communications which expressly advocate the election or defeat of a clearly identified federal candidate must contain a disclaimer identifying the name of the person paying for the communication and stating whether or not the communication is authorized by any candidate. Since all communications by the Union on behalf of federal candidates which are directed at the general public must be paid for out of voluntary dollars, and cannot be coordinated with the candidate's campaign, these communications should contain the following disclaimer:

> Paid for by UAW V-CAP. UAW V-CAP is an independent political committee, created by the UAW. This committee does not ask for or accept authorization from any candidate, and no candidate is responsible for its activities.

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For example, any slate cards or leaflets which are distributed in the general community should contain this disclaimer. On the other hand, since communications which are directed solely at the UAW's members and their families can be paid for out of union treasury funds (i.e., dues), these communicatons may contain the following disclaimer:

> Paid for by _____ CAP Council [Local Union ___]. Not authorized by any candidate.

2. The FECA requires that any written communications which solicit contributions to a separate segregated fund must contain certain disclaimers designed to insure that the contributions are purely voluntary. Accordingly, the following statement should be printed on the front or face of all materials used in V-CAP fundraising drives - including leaflets, letters and posters:

> UAW V-CAP is an independent political committee, created by the UAW. This committee does not ask for or accept authorizaton from any candidate and no candidate is responsible for its activities. UAW V-CAP uses the money it receives to make political contributions and expendituures in connection with federal, state and local elections. Contributions to UAW V-CAP are purely voluntary, and are not conditions of membership in the Union or of employment with the Company. Members have the right to refuse to contribute without fear of reprisal.

In addition, the FECA also requires that any written communications contain an additional disclaimer, if they set forth any "guidelines" as to how much people should contribute to the separate segregated fund. Although it is unclear just exactly what constitutes a "guideline", we would recommend that whenever materials used in V-CAP fundraising drives suggest that members contribute a particular sum of money, these materials should contain the following statement in addition to the disclaimer set forth above:

> The guidelines for contributions to UAW V-CAP set forth above are merely suggestions. Members can contribute more or less than the guidelines suggest. The Union will not favor or disadvantage members based on the amount of their contributions or their decision not to contribute.

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3. You should note that the Union does not have to include the following statement on campaign or fundraising materials any longer:

> A copy of our report is filed with the Federal Election Commission and is available from the Federal Election Commmission, Washington, D.C.

This requirement has been repealed.

Transmittal of Contributions to UAW V-CAP

4. The FECA requires that contributions to unauthorized political committees, such as UAW V-CAP, be forwarded promptly to the treasurer of the committee. Contributions of $50 or less must be forwarded to the treasurer no later than thirty (30) days after the contribution is received. Contributions in excess of $50 must be forwarded to the treasurer within ten (10) days. This means that all contributions to UAW V-CAP, including monies raised through raffles, bingo games, etc., must be forwarded promptly to the International Union - typically within thirty (30) days. Contributions must not be held beyond this period of time, either at the Local level or at Regional offices.

5. The FECA strictly prohibits the co-mingling of voluntary dollars and union treasury funds. Thus, all Regions, CAP Councils, and Local Unions must be careful to keep all voluntary dollars raised in V-CAP fundraising drives in a separate designated fund so that they are not co-mingled with regular union funds. Also, to avoid substantial income tax liabilities, the voluntary dollars must be kept in non-interest bearing accounts.

Reporting Requirements

6. The FECA permits labor unions to spend their treasury funds in connection with the solicitation of contributions to a separate segregated fund. This means that CAP Councils and Local Unions may spend dues dollars to pay for the costs associated with V-CAP dollar drives. These expenditures do not have to be reported at all. And, for the most part, there are no limitations on the amounts which can be spent. However, you should be aware that regulations promulgated by the FEC prohibit labor unions from "trading" dues dollars for voluntary dollars. As a general rule, therefore, the amount of treasury funds expended cannot exceed one-third of the total amount of voluntary dollars raised. To make sure that the Union does not go over this limit, CAP Councils and Local Unions should first check with their CAP Coordinator before making any expenditures in connection with dollar drives, such as for prizes or publicity.

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7. For a number of reasons, we strongly recommend that CAP Councils and Local Unions not use voluntary dollars to pay for the costs associated with raising voluntary dollars. Specifically, if a CAP Council or Local Union conducts a raffle or bingo game to raise money for V-CAP, it should not pay for the costs connected with these activities out of the proceeds from the activity. Because voluntary dollars are always in short supply, it is better for the Union to use dues dollars to pay for these costs whenever possible. Furthermore, if voluntary dollars are used, the FECA requires that these expenditures be reported every month. Thus, to avoid this onerous requirement, CAP Councils and Local Unions should always send the entire gross proceeds from any fundraising event to UAW V-CAP.

8. Under the FECA, the Union is required to file reports every month listing the total amount of cash on hand in UAW V-CAP. This includes any sums held in Regional accounts, as well as the balance maintained in national UAW V-CAP. Accordingly, in order for the Union to be able to file complete reports, all Regions must be sure to advise the Accounting Department each and every month of the total cash on hand in their regional V-CAP accounts. This information should be transmitted to the Accounting Department by the last day of the month.

To insure that the entire Union complies with the foregoing rules and procedures, the National CAP Department will be preparing a set of guidelines for you to disseminate to all CAP Councils and Locals within your respective Regions. In the meantime, we would appreciate it if you would communicate the information contained in this memo to your staff.

Fraternally,

HL:AVR:jt
opeiu494afl/cio
cc: Steve Schlossberg
John Fillion
Don Stillman
Art Miller
Art Shy

83040373973

April 15, 1981

To Steve Schlossberg and Dick Warden

From Hank Lacayo and Alan Reuther

Subject Contributions to Federal Candidates

Dear Steve and Dick:

As you may be aware, under the Federal Election Campaign Act, UAW V-CAP is required to file monthly reports listing all contributions and expenditures which have been made during the previous month in connection with federal elections, including the amount, date, and nature of each disbursement. To insure that UAW V-CAP is able to comply with this reporting requirement, we would like you to adopt the following procedures in connection with the bank account maintained by the Washington office for UAW V-CAP:

1. You should maintain a running account of all disbursements made from the Washington account, including the amount, date, and nature (i.e., recipient or purpose) of each disbursement.

2. At the end of every month, you should immediately transmit to the Accounting Department a list of all disbursements made during the preceeding month - again including the amount, date and nature of each disbursement. Since UAW V-CAP must file its reports for each month by the tenth day of the following month, you should transmit the foregoing information to the Accounting Department no later than the fifth day of the following month.

Fraternally,

AVR:jt
opeiu494afl/cio

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Inter-Office Communication

April 15, 1981

To Art Miller

From Hank Lacayo and Alan Reuther

Subject Solicitation of Contributions to CFGG

Dear Art:

As you may be aware, the Federal Election Campaign Act makes it unlawful for a labor union to solicit contributions to a separate segregated fund from any persons other than its members and their families. To insure that the UAW fully complies with this provision, we would like you to immediately institute the following policies and procedures in connection with the solicitation of contributions to the Committee for Good Government (CFGG).

1. Any communications which solicit contributions to CFGG, or which inform persons about the existence of this committee, should only be directed at UAW members and their families.

2. Similarly, cards authorizing the assignment and checkoff of contributions to CFGG should only be given to new employees who are members of the UAW. They should not be given to new clerical or professional employees who are not members of the Union.

3. However, CFGG may accept unsolicited contributions from individuals who are not members of the UAW. For example, clerical and professional employees who are not members of the Union may execute cards authorizing the assignment and checkoff of contributions to CFGG, provided they initiate this action without having first been solicited or otherwise appraised of the existence of CFGG by the Union.

4. The present card which is utilized by individuals to authorize the assignment and checkoff of contributions to CFGG should be revised to conform to the draft attached to this letter.

If you have any questions, please do not hesitate to contact us.

Fraternally,

HL:AVR:jt
opeiu494afl/cio

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AUTHORIZATION FOR
ASSIGNMENT AND CHECKOFF OF CONTRIBUTIONS
TO CFGG

To: Ray Majerus, Secretary Treasurer, UAW:

I hereby assign to CFGG, from any wages earned or to be earned by me as an employee of the UAW, the sum of two (2) dollars each and every week. I hereby authorize and direct you to deduct this amount from my salary each and every week, and to remit same to CFGG, at any time while this authorization is in effect.

This authorization is voluntarily made. I understand that the signing of this authorization and the making of payments to CFGG are not conditions of membership in or employment with the UAW, that I have the right to refuse to sign this authorization and contribute to CFGG without any reprisal, and that CFGG will use the money it receives to make political contributions and expenditures in connection with federal, state and local elections.

I also understand that the guidelines for contributions to CFGG are merely suggestions, that I can contribute more or less than the guidelines suggest, and that the UAW will not favor or disadvantage me based on the amount of my contribution or my decision not to contribute.

_____ _____
Date Name

_____
Department or Region

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Inter-Office Communication

April 15, 1981

To Art Miller

From Hank Lacayo and Alan Reuther

Subject Deduction of Contributions to CFGG

Dear Art:

As you may be aware, the Federal Election Campaign Act requires that all contributions received by a political committee be forwarded to the treasurer of the committee within thirty days. In the case of contributions which are deducted from UAW employees for CFGG, this means that the contributions must be deposited in the checking account of CFGG within thirty days after the date the deductions are made from employees' paychecks.

It is our understanding that the Accounting Department has been handling the deduction of contributions to CFGG in the following manner. Deductions for CFGG are made from employees' wages every pay period - usually every other Thursday. These deductions, along with dues, pension contributions, and other payroll deductions, are temporarily kept in the Union's general account from which paychecks are drawn. However, at the end of every month, the Accounting Department does a "salary run" for the purpose of reconciling all accounts, including deductions for CFGG. The Union then draws a check on its general account covering all deductions for CFGG which were made during the preceeding month, and this check is promptly deposited in the checking account for CFGG.

The foregoing procedures would appear to comply with the provsions of the Federal Election Campaign Act. However, to insure that deductions for CFGG are not inadvertently kept in the Union's general account for periods beyond thirty days, we would recommend that you advise the appropriate employees in the Accounting Department that these procedures must be strictly adhered to. In particular, you should stress that the deductions for CFGG must be reconciled at the end of every month. And a check from the Union's general account covering these contributions must also be deposited in CFGG's checking account promptly before the end of every month.

Fraternally,

AVR:jt
opeiu494afl/cio
cc: Don Moll

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Attachment 4

A-430

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 24, 1981

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: B. ALLEN CLUTTER
STAFF DIRECTOR

FROM: BOB COSTA

SUBJECT: FINAL AUDIT REPORTS - UAW-VOLUNTARY COMMUNITY ACTION PROGRAM AND COMMITTEE FOR GOOD GOVERNMENT

Attached for your review are the final audit reports of UAW-Voluntary Community Action Program and its affiliate the Committee For Good Government. Also attached for your review is a copy of the Committees' responses to the interim Audit report. These responses have been incorporated into the final reports where appropriate.

If you have any questions regarding these reports, please do not hesitate to call Steve Sanford or Joe Stoltz at extension 3-4155.

Attachments as stated

8304037396

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE UAW-VOLUNTARY COMMUNITY ACTION PROGRAM

I. Background

A. Overview

This report is based on an audit of the UAW-Voluntary Community Action Program (UAW-V-CAP)("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the. Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2, United States Code, which, at the time of the audit, directed the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee is the separate segregated fund of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) and registered with the U.S. General Accounting Office on April 17, 1972. The Committee maintains its headquarters in Detroit, Michigan. UAW-V-CAP's administrative and solicitation costs are paid for by the UAW. The Committee solicits voluntary cash contributions from members of that union in factories and union halls.

The audit covered the period January 1, 1977, through March 31, 1979, the final coverage date of the latest report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance of $555,210.42, total receipts of $1,510,647.71, total expenditures of $1,281,919.71 and a closing cash balance at March 31, 1979 of $784,038.42. 1/

This audit report is based on documents and working papers supporting each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in this report and were available to Commissioners and appropriate staff for review.

1/ The reported figure for expenditures was overstated by $100.00 due to an apparent adding error in September, 1977.

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B. Key Personnel

The key personnel of the Committee during the period covered by the audit were Mr. Douglas Fraser, Chairman, Mr. Emil Mazey, Treasurer, and Mr. Donald Moll, Assistant Treasurer.

C. Scope

The audit included such tests as verification of total reported receipts and expenditures and individual transactions; review of required supporting documentation and analysis of Committee debts and obligations; and, such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. National Office Activity

1. Notices Required on Solicitation Material

Section 114.5(a)(5) of Title 11, Code of Federal Regulations, requires that any written solicitation for contributions to a separate segregated fund contain statements which inform the member of the political purpose of the fund and also inform the member that his contribution is voluntary and that he/she may refuse to contribute without fear of reprisal.

In addition, Section 114.5(a)(2) of Title 11, Code of Federal Regulations requires that if a guideline for contributions to a labor union's segregated fund is suggested, the labor union must inform the member being solicited:

1. the guidelines are merely suggestions; and

2. the individual is free to contribute more or less than the suggested guidelines and the labor union will not favor or disadvantage anyone by reason of the amount of the contribution.

Most of the Committee's funds were solicited during annual "dollar drives" which encouraged each member to contribute one dollar. The Committee uses flyers, posters, and tickets to solicit contributions from union members. The Audit Division reviewed examples of these materials at all levels of the Committee and none reviewed contained all of the required notices.

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The Audit staff recommended that the Committee include the required statements on all solicitation material, advise regions and locals to do the same, and submit a copy of this written requirement to the Audit staff for review.

On April 15, 1981, the Committee submitted a proposed memorandum to its International Executive Board advising regions and locals to include the required notices on all of their solicitation materials.

Recommendation

Provided that a copy of the proposed memorandum is distributed to all regions and locals, the Audit staff recommends no further action on this matter.

2. Late Reporting of Transfers

During the period of the audit, Section 434(b)(4) of Title 2, United States Code required that the committee disclose the name of each political committee to which the committee made transfers during the reporting period; together with the amount and date of each transfer.

In addition to the bank accounts maintained at the national office in Detroit, the Committee maintains an account at the Washington, D.C. office from which contributions to candidates are made. The Washington, D.C. office then periodically notifies the national office of the contributions and seeks a reimbursement in the amount of the contributions. The national office does not report the contributions until the period of notification, which is generally one or two months after the contributions are made.

The Audit staff recommended that the Committee issue written instructions requiring the Washington office to inform the national office of transfers to candidates as soon as they are made so they can be reported on a timely and current basis. The Audit staff further recommended that a copy of the written procedures be submitted to the Audit staff for review.

On April 15, 1981, the Committee submitted a proposed memorandum to its Washington office requiring a prompt reporting of all transfers made from the Washington account.

Recommendation

Provided the proposed memorandum is sent to the Washington office, the Audit staff recommends no further action on this matter.

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B. Regional and Local Union Activity

Overview

UAW-V-CAP uses a three (3) tiered decentralized collection system with both local offices and regional offices soliciting contributions. These funds are combined at the regional offices which in turn transfer the contributions to the national office in Detroit. The contributions are raised by direct solicitation, raffles, sales, and mailings conducted by regional and local offices during their annual "Dollar Drives". Although national officials provide brochures on fundraising to the local and regional representatives, they do not monitor the fundraising activities, and since records for the fundraising activities are maintained only at the local and regional offices, officials at the national office could not provide the Audit staff with information on how the funds were collected.

In order to evaluate the Committee's fundraising techniques, two (2) regional offices 2/ and two (2) locals 3/ within each region were chosen for review. The two (2) regions account for 19.55% of the total contributions received by the Committee during the audit period and the locals reviewed account for 14.47% and 6.0% of the two (2) regions, respectively.

1. Matters Referred to the Office of General Counsel

Certain matters noted during the audit were referred to the Commission's Office of General Counsel on March 4, 1981.

III. Procedural Recommendations

In general, it was the opinion of the Audit staff that many of the problems encountered by the Committee could be corrected through the development of specific written guidelines to be forwarded to all collection agents and Committee officials responsible for UAW-V-CAP activity at the local and reqional levels.

2/ Baltimore Area - Region 8
Grand Rapids Area - Region 1D

3/ Local 239 in Baltimore, Md.
Local 786 in York, PA - (Baltimore-Region 8)

Local 167 Wyoming, MI
Local 1231 Grand Rapids, MI (Grand Rapids-Region 1D)

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Specifically, it was the opinion of the Audit staff that these guidelines should address the following:

a) Deposit, Transmittal and Disclosure of Contributions and Cash on Hand

All contributions shall either:

1. be deposited into a designated campaign depository, or

2. be deposited into a "transmittal" account to be forwarded to the Committee treasurer, or

3. be used to purchase a cashier's check, money order, or similar instrument to forward the contributions without depositing the contributions into any account prior to transfer.

If Committee depositories are established (1 above), contributions may be deposited into and expenditures made from the accounts. Each depository must be disclosed on the Committee's Statement of Organization.

Alternatively, transmittal accounts (2 above) may be used solely for the deposit and transmittal of contributions to the Committee. All funds deposited are subject to the prohibitions and limitations of the Act. Contributions deposited into transmittal accounts must be forwarded to the Committee treasurer within 30 days of the original collection, or, if in excess of $50 per individual, within 10 days of receipt together with the contributor's name and address and the date of the contribution.

Option 3 above is intended to allow for the periodic transfer of contributions to the Committee without having to open and/or maintain a bank account for each event, i.e. for the smaller less frequent events.

Under each method, contributions (and expenditures and cash on hand in the case of a designated depository) must be disclosed on reports filed by the Committee for the period in which the transactions occur. Specific information; such as the identification of the contributor, the date, and amount of the contribution; or payee, date, amount, and purpose of expenditure; shall also be disclosed if the contribution or expenditure is in excess of, or aggregates in excess of $200 during the calendar year. (2 U.S.C. 432(b), (c) and (h), 2 U.S.C. 434(b), and 11 C.F.R. 102.6, 103.3(a), and 104.3).

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b) Accounting for and Disclosure of Fundraising Receipts and Expenditures

The Committee treasurer is required to maintain an accounting of as well as report all contributions made (gross proceeds) to the Committee. All Committee fundraising expenditures, including the cost of raffle prizes and other items sold, must be made from designated Committee depositories and disclosed on Committee reports. (2 U.S.C. 432(c) and (h)(1) and 434(b)).

The Audit staff recommended that the Committee prepare and submit to the Audit staff detailed guidelines with emphasis in the above areas for the purpose of informing local and regional UAW-V-CAP officials of these requirements of the Act.

On April 15, 1981, the Committee submitted a copy of the proposed memorandum to its International Executive Board outlining procedures for transmitting contributions from local and regional offices to the national headquarters. In addition, the proposed memo outlines procedures for accounting and disclosure of fundraising receipts and expenditures by locals, regions, and the national office. The Audit staff has reviewed those sections of the Committee memorandum which address the specific recommendations contained in the interim audit report. The Audit staff recommends that in the paragraph dealing with segregation of Union Treasury and Committee monies, the Committee may wish to substitute the term "bank account" for the phrase "designated fund." This would provide clear guidance that such monies may not be kept in the same account.

Recommendation

Except as noted above, the Audit staff is of the opinion that these procedures will provide the necessary guidance to national, regional, and local officials.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

FINAL REPORT OF THE AUDIT DIVISION ON COMMITTEE FOR GOOD GOVERNMENT

I. Background

A. Overview

This report is based on an audit of the Committee For Good Government (CFGG) ("the Committee") undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2, United States Code which, at the time of the audit, directed the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee is a separate segregated fund of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) and registered with the House of Representatives on April 17, 1972. The Committee maintains its headquarters in Detroit, Michigan. The Committee is affiliated with UAW-V-CAP which solicits UAW members who work in factories, while the Committee solicits office and administrative personnel of the union. The administrative and solicitation costs are paid by UAW.

The Audit covered the period January 1, 1977 through March 31, 1979, the final coverage date of the latest report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance of $215,365.44, receipts of $197,495.92, disbursements of $358,579.21 and a closing cash balance at 3-31-79 of $54,282.15.

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This Audit Report is based on documents and working papers supporting each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in this report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

The key personnel of the Committee during the period covered by the audit were Mr. Douglas Fraser, Chairman; Mr. Emil Mazey, Secretary-Treasurer; and Mr. Donald Moll, Assistant Treasurer.

C. Scope

The audit included such tests as verification of reported receipts and expenditures and individual transactions; review of required supporting documentation and analysis of Committee debts and obligations; and such other audit procedures deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Timely Deposit of Contributions into Campaign Depository

Section 103.3(a) of Title 11, Code of Federal Regulations requires, in part, that all contributions received by a political committee shall be deposited in a checking account in the appropriate campaign depository by the treasurer of the committee or his/her agent, within 10 days of the treasurer's receipt. Subsequent to the audit fieldwork, Section 432(b)(2) of Title 2, United States Code was amended to require, in part, that contributions be forwarded to the Committee treasurer within 30 days of receipt, or in the case of contributions in excess of $50.00, within 10 days of receipt.

Conversations with Committee officials and a review of records revealed that political contribution deductions are made every other Thursday when employees are paid. Committee deductions, along with dues, pension contributions, and other payroll deductions for UAW employees, are kept in the Union's general account from which paychecks are drawn. Once a month, Committee deductions are reconciled and the political contributions are forwarded from the UAW account to the Committee's designated checking account. An analysis of this process revealed, however, that political contributions during the audit period remained in the Union general account for as long as eight (8) weeks.

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The Audit staff recommended that the Committee devise and implement written procedures to bring itself into compliance with the Act concerning the requirement that contributions be forwarded to the Committee treasurer within 30 days of receipt, or in the case of contributions in excess of $50.00, within 10 days of receipt, in accordance with present requirements of 2 U.S.C. 432(b)(2). The directive explaining the procedures was to be submitted to the Audit staff for review within 30 days of receipt of the interim report.

On April 15, 1981, the Committee submitted a proposed memorandum advising Committee officials to deposit contributions into committee accounts in a timely manner.

Recommendation

Provided the committee distributes the memorandum to appropriate officials, no further action is recommended on this matter.

B. Matters Referred to the Office of General Counsel

Certain other matters noted during the audit were referred to the Commission's Office of General Counsel on March 4, 1981.

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Attachment 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Donald J. Moll
Assistant Treasurer
UAW Voluntary Community Action Program
8000 East Jefferson Avenue
Detroit, Michigan 48214

Re: MUR 1375

Dear Mr. Moll:

On , 1981, the Federal Election Commission determined that there is reason to believe that the UAW, UAW-V-CAP and CFGG violated current sections 434(b)(1), 441b(a) and 441b(b)(4)(A)(ii), and former sections 432(c)(1), 432(c)(3), 434(b)(8), 434(b)(11) and 437b (a)(2) of Title 2, United States Code, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), as well as sections 103.3(a), 114.5(a)(2), 114.5(a)(3), 114.5(a)(4) and 114.5(a)(5) of Title 11 of the Code of Federal Regulations. These indicated violations appear to be made out by: commingling of local members' contributions to UAW-V-CAP and general local monies in one bank account, with only occasional forwarding of the contributions to UAW-V-CAP's national segregated account; the reporting and depositing only of net proceeds in some fund-raising activities, and payment for merchandise other than by committee check; failure to include monies held at regional UAW-V-CAP depositories in calculating cash-on-hand figures reported to the Commission; CFGG solicitation of non-member employees of the union; and improper CFGG use of "guidelines" for contributions, as well as failure to inform members of the voluntary nature and political purpose of the fund. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against UAW, UAW-V-CAP or CFGG. Please submit any factual or legal materials you believe relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against UAW, UAW-V-CAP or CFGG, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation.

Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe, if you so desire.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Nancy B. Nathan, the attorney assigned to this matter, at 202-523-4060.

Sincerely,

Enclosures:
General Counsel's Factual and Legal Analysis
Procedures

cc: Mr. Alan Reuther, Esq.
8000 East Jefferson Avenue
Detroit, Michigan 48214

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1375
STAFF MEMBER(S) & TEL. NO.

Nancy Nathan

(202) 523-4073

RESPONDENTS: United Automobile, Aerospace and Agricultural Implement Workers of America (UAW); United Auto Workers Voluntary Community Action Program (UAW-V-CAP); UAW Committee for Good Government (CFGG)

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

The statutory and regulator violations which were indicated by the Audit Division's audit of respondents UAW, UAW-V-CAP and CFGG, for the period January 1, 1977 through March 31, 1979, were: 2 U.S.C. §§ 434(b)(1), 441b(a), 441b(b)(4)(A)(ii); former 2 U.S.C. §§ 432(c)(1), 432(c)(3), 434(b(8), 434(b)(11), 437b(a)(2), 11 C.F.R. §§ 103.3(a), 114.1(e), 114.5(a)(2)(i), 114.5(a)(2)(ii), 114.5(a)(3), 114.5(a)(4) and 114.5(a)(5).

The interim audit report of respondents UAW and UAW-V-CAP, dated March 4, 1981, revealed that, while funds solicited at the local level by UAW-V-CAP are accounted for separately from other union funds in the locals' books, the funds are commingled with all other local monies in one bank account. The funds raised are forwarded irregularly to union headquarters in Detroit via the regional units, with delays of at least ten months observed by the auditors.

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In UAW-V-CAP fundraising projects conducted by one audited local, only net proceeds of the projects were reported and deposited in the local's account. Funds expended to purchase materials sold and receipts from their sale were not separately reported. Additionally, the merchandise was not paid for by committee check.

Monies held at the approximately 18 regional level UAW offices were not included in the UAW-V-CAP reports of cash-on-hand filed with the Commission, the audit revealed.

As to respondent CFGG, which is the committee to which employees of the UAW contribute, the audit disclosed several apparent violations. New union employees are given a check-off card (see Attachments 1 and 2) to complete along with other routine forms related to their employment. That form did not communicate to the employees the political purpose of the fund and that contributions to CFGG were to be voluntary. Further, the audit showed, the solicitees were not told that the guideline amount employees were asked to contribute was a suggested amount only.

FACTUAL AND LEGAL ANALYSIS

I. Findings in the UAW-V-CAP Audit

A. Committee Receipt of Funds Drawn on Local Union Accounts

1. Commingling of UAW-V-CAP Receipts and General Local Funds

According to information obtained by the auditors, the UAW-V-CAP organizational structure consists of approximately 1500-1600 local unions which solicit contributions from union

members, approximately 18 regional offices to which the locals transfer contributions, and the UAW-V-CAP office in Detroit which ultimately receives the contributions received by the regional offices. CFGG exists to solicit contributions from the staff of the UAW. Retirees of the UAW are generally solicited for contributions by the various regional offices. Only UAW-V-CAP, CFGG, and the various regional accounts are designated campaign depositories.

The audit revealed that local members' contributions to UAW-V-CAP, while separately accounted for in the local union's books, are commingled with all other local union monies in one bank account. 1/ The auditors were informed that it is a union requirement that each local union have one and only one account. Transfers of the solicited contributions from the locals to the regional accounts are sporadic, but are made at least annually, following each "dollar drive" campaign. The audit revealed that funds may lie in the unsegregated local accounts for as long as ten months.

While labor unions are permitted to solicit contributions to a political fund, the monies in the fund must be separate and segregated. See 2 U.S.C. § 441b(b)(2)(C). Where, as here, the local unions collect funds on behalf of UAW-V-CAP through dollar

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1/ The audit conducted did not review the contribution records of every local and regional union. Rather, two regional unions and four local unions were selected for review.

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drives, raffles, and other fundraising methods, and then deposit those proceeds into the general treasury account of the locals, there appears to be a clear violation of 2 U.S.C. § 441b. Although the Commission has sanctioned the collection of contributions to a union PAC concurrently with union dues via a joint check off, and the deposit of those funds together in a union account for subsequent division, (see Advisory Opinion 1978-98), it has not included that contributions collected separately may be deposited into a union account. Nor do the Commission's regulations authorize the practice of the UAW locals, for they specifically require that a transmittal account containing only permissible funds be used or that the contributions be transmitted directly without depositing them. See 11 C.F.R. § 102.6(b)(1)(2).

2. Delay in Forwarding UAW-V-CAP Receipts

Former 11 C.F.R. § 103.3(a) required during the period of the audit that all contributions received by a political committee must be deposited in a checking account in an appropriate campaign depository by the committee treasurer or his agent within ten days of receipt. In the case of the four locals audited, it appears that virtually all contribution receipts were held more than ten days before being forwarded to the regional union accounts.

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b. Accounting of Fundraising Costs and Receipts

During the period of the audit, 2 U.S.C. §§ 432(c)(1) and (3) required a political committee treasurer to keep detailed accounts of contributions and expenditures. Also during the period of the audit, 2 U.S.C. § 434(b)(8) required a political committee to report the total sum of its receipts, and 2 U.S.C. § 434(b)(11) required a political committee to report its total expenditures. Further, during the period of of the audit former 2 U.S.C. § 437b(a)(2) provided that no committee expenditure may be made except by a check drawn on a designated committee depository (other than petty cash).

The auditors found that in one of the two locals chosen for review (local 786, York, Pa.), the cost of merchandise sold in fundraising projects was deducted before the proceeds were deposited in the local account. The same practice of depositing only net proceeds was followed with respect to a raffle conducted by that Local, also to benefit UAW-V-CAP. The national office was notified only of the amount of the net proceeds. Payment was made other than from a check drawn on a committee depository. It thus appears that violations of former 2 U.S.C. §§ 432(c)(1) and (3), 434(b)(8) and (11) and 437b(a)(2) have occurred.

c. Accounting for Monies in Regional Depositories

Section 434(b)(1) of the Federal Election Campaign Act of 1971, as amended ("the Act") requires political committees to report cash-on-hand at the beginning of reporting periods.

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The audit revealed that the UAW-V-CAP committee reports to the Commission have not included funds held by any of its regional depositories (the middle tier between the local and national levels) in its cash-on-hand figures. This finding was borne out in the auditor's study of the two regional offices it focused upon; bank records in Baltimore and Grand Rapids, Michigan revealed that cash-on-hand there was not included in the national committee's reported cash-on-hand.

II. Audit Findings With Respect to CFGG

A. Written Solicitation of Non-Union Members

Section 441b(b)(4)(A)(ii) of the Act prohibits a labor organization or its separate segregated fund from soliciting contributions from anyone other than its members and their families. Section 114.1(e) of 11 C.F.R. defines labor organization "members" as all persons satisfying the membership requirements of a local, national or international organization.

The audit revealed that UAW clerical and administrative employees, who are not UAW members, are solicited by means of payroll deductions. Each employee is solicited to contribute $2 weekly, or $98 annually, and the audit indicated that during March, 1979, 93 contributors out of 820 were non-union administrative and clerical employees. During the course of the audit period, such non-union contributions would have totalled about $22,400, according to the auditors.

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The Commission has viewed the language of § 441b(b)(4)(A)(ii) as limiting the class of persons who may be solicited for contributions to a separate segregated fund of a labor organization. In developing regulations to implement the statute, the Commission considered whether employees of a labor organization should be solicited on the same basis as its members, but rejected that as unsupported by the statutory language. See, Explanation and Justification of the Commission's Regulations, House Doc. No. 95-44, 95th Cong., 1st Sess. at 108 (1977); FEC Advisory Opinion 1979-50 at 2.

It should be noted that the prohibition on solicitation of non-members, here union employees, does not amount to a total bar to their contributing to CFGG, in view of the union's ability to accept unsolicited voluntary contributions from non-members under 11 C.F.R. § 114.5(j), and the option of twice-yearly solicitation of non-member employees available under 11 C.F.R. § 114.6.

b. Improper Solicitation Disclosure and Use of Guidelines

Sections 114.5(a)(2)(i) and (ii) of 11 C.F.R. provide that suggested amount "guidelines" may be offered to contributors as long as it is made clear the amounts are only suggested. Sections 114.5(a)(3) and (4) of 11 C.F.R. require a separate segregated fund to inform members of the political purposes and voluntary nature of the fund, and of a member's right to decline without reprisal. 11 C.F.R. § 114.5(a)(5) requires the statements in 11 C.F.R. §§ 114.5(a)(2), (3) and (4)

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to appear on written solicitation materials.

Attachment one is the check-off card by which UAW employees authorized payroll deductions for their weekly contribution to CFGG. Attachment two is the list of "UAW Enrollment Forms" which new employees of the union were asked to complete; the "PAC Card" reference is to the payroll deduction authorization.

The check-off card does not make it clear that $2 is a suggested amount only, as is required by 11 C.F.R. § 114.5(a)(2)(i), and that a contribution of another amount will not favor or disadvantage the contributor. § 114.5(a)(2)(ii). The card does not inform the employee of the political purposes of the fund [§ 114.5(a)(3)], and does not inform the employee of the right to refuse to contribute without fear of reprisal. § 114.5(a)(4). All of those qualifying statements are required to appear on the solicitation card. § 114.5(a)(5).

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RECOMMENDATION

Therefore, the General Counsel recommends that the Commission:

1. Find reason to believe that respondents UAW and UAW-V-CAP violated 2 U.S.C. § 441b(b)(2)(C) by reason of UAW-V-CAP's failure to establish and maintain separate and segregated accounts at the local level for deposit of V-CAP contributions.

2. Find reason to believe that respondents UAW and UAW-V-CAP violated 11 C.F.R. § 103.3(a) by reason of UAW-V-CAP's failure to deposit all contributions received by the committee in a committee checking account within ten days of their receipt.

3. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. §§ 432(c)(1) and (3) by reason of UAW-V-CAP's failure to keep detailed accounts of contributions and expenditures in connection with its fundraising events, and take no further action.

4. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 434(b)(8) and (11) by UAW-V-CAP's failure to report all contributions and expenditures in connection with its fundraising events, and take no further action.

5. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 437b(a)(2) by making committee expenditures in connection with fundraising events other than by check drawn on a designated campaign depository, and take no further action.

6. Find reason to believe that respondents UAW and UAW-V-CAP violated 2 U.S.C. § 434(b)(1) by UAW-V-CAP's failure to include funds held at the regional level depositories in its cash-on-hand reports.

7. Find reason to believe that respondents UAW and CFGG violated 2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions from non-member employees of the union.

8. Find reason to believe that respondents UAW and CFGG violated 11 C.F.R. §§ 114.5(a)(2), (3), (4) and (5) by failing to inform solicitees, on written solicitation materials, of the political purpose of the fund, of a member's right to decline to contribute without reprisal, and that the "guideline" amounts were suggested amounts only.

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QUESTIONS

1. How many UAW locals were there in the United States as of January 1, 1977? As of January 1, 1978? As of January 1, 1979? As of January 1, 1980? As of January 1, 1981?

2. How many locals collected contributions for UAW-V-CAP during 1977? During 1978? During 1979? During 1980?

3. Please describe the various methods by which locals solicited and collected contributions for UAW-V-CAP during the period of January 1, 1977, through the present.

4. At any time from January 1, 1977, through the present did the UAW have a policy or requirement that locals maintain one single bank account for all financial activities including the collection of contributions for UAW-V-CAP? If so, please provide copies of any written materials wherein this policy or requirement is set forth.

5. If there was no such UAW policy or requirement, was it nonetheless the practice of locals to maintain one single bank account for all financial transactions, including the collection of contributions for UAW-V-CAP?

6. Of the locals that collected contributions for UAW-V-CAP during 1977, how many deposited contributions into an account containing local treasury funds? How many did so in 1978? How many did so in 1979? How many did so in 1980?

7. Please explain the role of the UAW regional offices in soliciting and collecting contributions for UAW-V-CAP during the period of January 1, 1977, through the present.

8. At any time from January 1, 1977, through the present, did the UAW have a policy or requirement that locals transmit contributions collected for UAW-V-CAP to the regionals only once a year? If so, please provide copies of any written materials wherein this policy or requirement is set forth.

9. If there was no such UAW policy or requirement, was it nonetheless the practice of the locals to transmit contributions collected for UAW-V-CAP to the regionals only once a year?

10. At any time from January 1, 1977, through the present, did the UAW have a policy or requirement that contributions collected by the regionals not be included in the cash-on-hand figures reported by UAW-V-CAP in its filings with the Commission? Please provide copies of any written materials reflecting UAW policy on reporting contributions collected by the regionals.

11. How many persons were employed by UAW in each year during the period 1977 through 1980?

12. For each of the years 1977 through 1980, how many UAW employees were UAW union members?

13. For the years 1977 through 1980, list the total amounts collected in each year by CFGG from UAW employees who were not UAW members.

14. For the period 1977 through 1980, list those UAW employees who contributed to CFGG and contributed at a rate less than $4 per pay period.

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Federal Election Commission
(8/77)

Attachment

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5-17-78

Committee For Good Government
Payroll deduction Authorization + Check List

EMIL MAZEY, SECRETARY-TREASURER, UAW:

Effective with the pay period in which my employment with the UAW started and continuing until I notify you otherwise, I am requesting that you deduct the sum of $2.00 each week from my salary. This sum is to be paid to the UAW Political Action Account as a voluntary contribution from me.

oeiu42aflcio

Name of Representative

Date

Dept. or Region

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Attachment 2

8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214
PHONE (313) 926-5000

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UAW

DOUGLAS A. FRASER, PRESIDENT
EMIL MAZEY, SECRETARY-TREASURER

VICE-PRESIDENTS
PAT GREATHOUSE • KEN BANNON • IRVING BLUESTONE • ODESSA KOMER • MARC STEPP • MARTIN GERBER • ROBERT WHITE

DATE_____

MEMORANDUM TO:_____

FROM: Arthur M. Miller, Director Accounting Department

SUBJECT: UAW ENROLLMENT FORMS

The UAW Enrollment Forms indicated below are enclosed. They must be completed and returned to the Insurance Office of the Accounting Department as soon as possible. A self-addressed envelope is enclosed.

( ) Proof of Birthdate
( ) Federal Withholding Exemption Certificate
( ) State Withholding Exemption Certificate
( ) City Withholding Exemption Certificate
( ) Personnel Report
( ) Pension Enrollment Card
( ) Designation of Beneficiary for Pension & Severance
( ) Employment Record Card
( ) PAC Card
( ) Dues Deduction Authorization
( ) Life Insurance Application & Designation of Beneficiary
( ) Application for Membership, OPEIU Local 494
( ) Solidarity House Blood Bank Application
( ) Health Service, Inc. Application for Major Medical
( ) Michigan Blue Cross-Blue Shield/Metro Health Plan (choose one)
( ) *Group Life Insurance Application for Spouse and/or Eligible Dependents through Payroll Deduction
( ) Dental Plan Materials - Michigan - Delta Dental Plan
- Outstate - Aetna Dental Plan
( ) EEOC Card
( ) Other Outstate Health Insurance Plan

_____

Canadian Employees please send us your Unemployment Insurance Book.

If you have already completed and returned any of the enclosed forms, please disregard duplicates.

*This insurance is available only to permanent employees.

AMM:ch
opeiu494
enclosures

PRINTED IN USA

Attachment 3

8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214
PHONE (313) 926-5000

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UA

DOUGLAS A. FRASER, PRESIDENT
EMIL MAZEY, SECRETARY-TREASURER

VICE-PRESIDENTS
PAT GREATHOUSE • KEN BANNON • IRVING BLUESTONE • ODESSA KOMER • MARC STEPP • MARTIN GERBER • ROBERT WHITE

JOHN A. FILLION
General Counsel
LEONARD R. PAGE
JORDAN ROSSEN
M. JAY WHITMAN
Associate General Counsel

RALPH O. JONES
CLAUDE D. MONTGOMERY
MICHAEL B. NICHOLSON
ALAN V. REUTHER
JUDITH A. SCOTT
MARLEY S. WEISS
Assistant General Counsel

April 15, 1981

Robert J. Costa
Assistant Staff Director
for the Audit Division
Federal Election Commission
Washington, D.C. 20463

Re: Interim Reports of the Audit Division on UAW V-CAP and CFGG

Dear Mr. Costa:

We have reviewed the interim reports prepared by the Audit Division of the Federal Election Commission concerning the audits which were conducted on the activities of the UAW-Voluntary Community Action Program (UAW V-CAP) and the Committee for Good Government (CFGG) during the period between January 1, 1977 and March 31, 1979. Although we believe that some of the findings and recommendations contained in these interim reports reflect an overly technical approach towards the application of the Federal Election Campaign Act, nevertheless the UAW is prepared to take certain steps to address the problems discussed in these reports.

Enclosed you will find drafts of four separate memoranda addressed to the UAW's International Executive Board, as well as the responsible officials in the Union's Washington Office and Accounting Department, requesting that they take immediate steps to implement certain policies and procedures designed to insure compliance with various provisions of the Federal Election Campaign Act. We believe that these memoranda address all of the points raised in your two interim reports. We are confident that any problems uncovered by the Audit Division can be promptly corrected in this fashion.

Please let me know if these memoranda meet with your approval. If so, the UAW will send them out forthwith. Of course, we would be happy to meet with officials of the Federal Election Commission to discuss any aspects of these memoranda and the operations of UAW V-CAP and CFGG.

Sincerely,

Alan V. Reuther
Assistant General Counsel

AVR:jt
opeiu494afl/cio

PRINTED IN USA

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Inter-Office Communication

April 15, 1981

To International Executive Board

From Hank Lacayo and Alan Reuther

Subject Audit of UAW V-CAP and CFGG by Federal Election Commission

Greetings:

The Federal Election Commission (FEC) recently submitted an interim report to the UAW advising us of the preliminary findings and recommendatons resulting from an audit which was conducted by the FEC's staff covering the period between January 1, 1977 and March 31, 1979. Although this audit disclosed that the UAW was generally in compliance with the provisions of the Federal Electron Campaign Act (FECA), the FEC's interim report did recommend that the Union take certain steps to rectify a number of problems.

Accordingly, to insure that the UAW fully complies with the provisions of the FECA in the future, this is to remind you that the International Union and its Regional Offices, as well as all Local Unions and CAP Councils, should strictly adhere to the following rules in conducting all activities connected with federal election campaigns, including fundraising drives for UAW V-CAP.

Disclaimers

1. The FECA requires that all communications which expressly advocate the election or defeat of a clearly identified federal candidate must contain a disclaimer identifying the name of the person paying for the communication and stating whether or not the communication is authorized by any candidate. Since all communications by the Union on behalf of federal candidates which are directed at the general public must be paid for out of voluntary dollars, and cannot be coordinated with the candidate's campaign, these communications should contain the following disclaimer:

> Paid for by UAW V-CAP. UAW V-CAP is an independent political committee, created by the UAW. This committee does not ask for or accept authorization from any candidate, and no candidate is responsible for its activities.

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For example, any slate cards or leaflets which are distributed in the general community should contain this disclaimer. On the other hand, since communications which are directed solely at the UAW's members and their families can be paid for out of union treasury funds (i.e., dues), these communicatons may contain the following disclaimer:

> Paid for by _____ CAP Council [Local Union ___]. Not authorized by any candidate.

2. The FECA requires that any written communications which solicit contributions to a separate segregated fund must contain certain disclaimers designed to insure that the contributions are purely voluntary. Accordingly, the following statement should be printed on the front or face of all materials used in V-CAP fundraising drives - including leaflets, letters and posters:

> UAW V-CAP is an independent political committee, created by the UAW. This committee does not ask for or accept authorizaton from any candidate and no candidate is responsible for its activities. UAW V-CAP uses the money it receives to make political contributions and expendituures in connection with federal, state and local elections. Contributions to UAW V-CAP are purely voluntary, and are not conditions of membership in the Union or of employment with the Company. Members have the right to refuse to contribute without fear of reprisal.

In addition, the FECA also requires that any written communications contain an additional disclaimer, if they set forth any "guidelines" as to how much people should contribute to the separate segregated fund. Although it is unclear just exactly what constitutes a "guideline", we would recommend that whenever materials used in V-CAP fundraising drives suggest that members contribute a particular sum of money, these materials should contain the following statement in addition to the disclaimer set forth above:

> The guidelines for contributions to UAW V-CAP set forth above are merely suggestions. Members can contribute more or less than the guidelines suggest. The Union will not favor or disadvantage members based on the amount of their contributions or their decision not to contribute.

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3. You should note that the Union does not have to include the following statement on campaign or fundraising materials any longer:

> A copy of our report is filed with the Federal Election Commission and is available from the Federal Election Commmission, Washington, D.C.

This requirement has been repealed.

Transmittal of Contributions to UAW V-CAP

4. The FECA requires that contributions to unauthorized political committees, such as UAW V-CAP, be forwarded promptly to the treasurer of the committee. Contributions of $50 or less must be forwarded to the treasurer no later than thirty (30) days after the contribution is received. Contributions in excess of $50 must be forwarded to the treasurer within ten (10) days. This means that all contributions to UAW V-CAP, including monies raised through raffles, bingo games, etc., must be forwarded promptly to the International Union - typically within thirty (30) days. Contributions must not be held beyond this period of time, either at the Local level or at Regional offices.

5. The FECA strictly prohibits the co-mingling of voluntary dollars and union treasury funds. Thus, all Regions, CAP Councils, and Local Unions must be careful to keep all voluntary dollars raised in V-CAP fundraising drives in a separate designated fund so that they are not co-mingled with regular union funds. Also, to avoid substantial income tax liabilities, the voluntary dollars must be kept in non-interest bearing accounts.

Reporting Requirements

6. The FECA permits labor unions to spend their treasury funds in connection with the solicitation of contributions to a separate segregated fund. This means that CAP Councils and Local Unions may spend dues dollars to pay for the costs associated with V-CAP dollar drives. These expenditures do not have to be reported at all. And, for the most part, there are no limitations on the amounts which can be spent. However, you should be aware that regulations promulgated by the FEC prohibit labor unions from "trading" dues dollars for voluntary dollars. As a general rule, therefore, the amount of treasury funds expended cannot exceed one-third of the total amount of voluntary dollars raised. To make sure that the Union does not go over this limit, CAP Councils and Local Unions should first check with their CAP Coordinator before making any expenditures in connection with dollar drives, such as for prizes or publicity.

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7. For a number of reasons, we strongly recommend that CAP Councils and Local Unions not use voluntary dollars to pay for the costs associated with raising voluntary dollars. Specifically, if a CAP Council or Local Union conducts a raffle or bingo game to raise money for V-CAP, it should not pay for the costs connected with these activities out of the proceeds from the activity. Because voluntary dollars are always in short supply, it is better for the Union to use dues dollars to pay for these costs whenever possible. Furthermore, if voluntary dollars are used, the FECA requires that these expenditures be reported every month. Thus, to avoid this onerous requirement, CAP Councils and Local Unions should always send the entire gross proceeds from any fundraising event to UAW V-CAP.

8. Under the FECA, the Union is required to file reports every month listing the total amount of cash on hand in UAW V-CAP. This includes any sums held in Regional accounts, as well as the balance maintained in national UAW V-CAP. Accordingly, in order for the Union to be able to file complete reports, all Regions must be sure to advise the Accounting Department each and every month of the total cash on hand in their regional V-CAP accounts. This information should be transmitted to the Accounting Department by the last day of the month.

To insure that the entire Union complies with the foregoing rules and procedures, the National CAP Department will be preparing a set of guidelines for you to disseminate to all CAP Councils and Locals within your respective Regions. In the meantime, we would appreciate it if you would communicate the information contained in this memo to your staff.

Fraternally,

HL:AVR:jt
opeiu494afl/cio
cc: Steve Schlossberg
John Fillion
Don Stillman
Art Miller
Art Shy

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Inter-Office Communication

April 15, 1981

To Steve Schlossberg and Dick Warden

From Hank Lacayo and Alan Reuther

Subject Contributions to Federal Candidates

Dear Steve and Dick:

As you may be aware, under the Federal Election Campaign Act, UAW V-CAP is required to file monthly reports listing all contributions and expenditures which have been made during the previous month in connection with federal elections, including the amount, date, and nature of each disbursement. To insure that UAW V-CAP is able to comply with this reporting requirement, we would like you to adopt the following procedures in connection with the bank account maintained by the Washington office for UAW V-CAP:

1. You should maintain a running account of all disbursements made from the Washington account, including the amount, date, and nature (i.e., recipient or purpose) of each disbursement.

2. At the end of every month, you should immediately transmit to the Accounting Department a list of all disbursements made during the preceeding month - again including the amount, date and nature of each disbursement. Since UAW V-CAP must file its reports for each month by the tenth day of the following month, you should transmit the foregoing information to the Accounting Department no later than the fifth day of the following month.

Fraternally,

AVR:jt
opeiu494afl/cio

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Inter-Office Communication

April 15, 1981

To Art Miller

From Hank Lacayo and Alan Reuther

Subject Solicitation of Contributions to CFGG

Dear Art:

As you may be aware, the Federal Election Campaign Act makes it unlawful for a labor union to solicit contributions to a separate segregated fund from any persons other than its members and their families. To insure that the UAW fully complies with this provision, we would like you to immediately institute the following policies and procedures in connection with the solicitation of contributions to the Committee for Good Government (CFGG).

1. Any communications which solicit contributions to CFGG, or which inform persons about the existence of this committee, should only be directed at UAW members and their families.

2. Similarly, cards authorizing the assignment and checkoff of contributions to CFGG should only be given to new employees who are members of the UAW. They should not be given to new clerical or professional employees who are not members of the Union.

3. However, CFGG may accept unsolicited contributions from individuals who are not members of the UAW. For example, clerical and professional employees who are not members of the Union may execute cards authorizing the assignment and checkoff of contributions to CFGG, provided they initiate this action without having first been solicited or otherwise appraised of the existence of CFGG by the Union.

4. The present card which is utilized by individuals to authorize the assignment and checkoff of contributions to CFGG should be revised to conform to the draft attached to this letter.

If you have any questions, please do not hesitate to contact us.

Fraternally,

HL:AVR:jt
opeiu494afl/cio

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AUTHORIZATION FOR
ASSIGNMENT AND CHECKOFF OF CONTRIBUTIONS
TO CFGG

To: Ray Majerus, Secretary Treasurer, UAW:

I hereby assign to CFGG, from any wages earned or to be earned by me as an employee of the UAW, the sum of two (2) dollars each and every week. I hereby authorize and direct you to deduct this amount from my salary each and every week, and to remit same to CFGG, at any time while this authorization is in effect.

This authorization is voluntarily made. I understand that the signing of this authorization and the making of payments to CFGG are not conditions of membership in or employment with the UAW, that I have the right to refuse to sign this authorization and contribute to CFGG without any reprisal, and that CFGG will use the money it receives to make political contributions and expenditures in connection with federal, state and local elections.

I also understand that the guidelines for contributions to CFGG are merely suggestions, that I can contribute more or less than the guidelines suggest, and that the UAW will not favor or disadvantage me based on the amount of my contribution or my decision not to contribute.

_____ _____
Date Name

_____
Department or Region

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Inter-Office Communication

April 15, 1981

To Art Miller

From Hank Lacayo and Alan Reuther

Subject Deduction of Contributions to CFGG

Dear Art:

As you may be aware, the Federal Election Campaign Act requires that all contributions received by a political committee be forwarded to the treasurer of the committee within thirty days. In the case of contributions which are deducted from UAW employees for CFGG, this means that the contributions must be deposited in the checking account of CFGG within thirty days after the date the deductions are made from employees' paychecks.

It is our understanding that the Accounting Department has been handling the deduction of contributions to CFGG in the following manner. Deductions for CFGG are made from employees' wages every pay period - usually every other Thursday. These deductions, along with dues, pension contributions, and other payroll deductions, are temporarily kept in the Union's general account from which paychecks are drawn. However, at the end of every month, the Accounting Department does a "salary run" for the purpose of reconciling all accounts, including deductions for CFGG. The Union then draws a check on its general account covering all deductions for CFGG which were made during the preceeding month, and this check is promptly deposited in the checking account for CFGG.

The foregoing procedures would appear to comply with the provsions of the Federal Election Campaign Act. However, to insure that deductions for CFGG are not inadvertently kept in the Union's general account for periods beyond thirty days, we would recommend that you advise the appropriate employees in the Accounting Department that these procedures must be strictly adhered to. In particular, you should stress that the deductions for CFGG must be reconciled at the end of every month. And a check from the Union's general account covering these contributions must also be deposited in CFGG's checking account promptly before the end of every month.

Fraternally,

AVR:jt
opeiu494afl/cio
cc: Don Moll

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July 9, 1981

MEMORANDUM TO: Marjorie Emmons

FROM: Kenneth A. Gross
Acting General Counsel

SUBJECT: MUR 1375
First General Counsel's Report dated 7/7/81

Please be advised that the Office of General Counsel is withdrawing the above-referenced Report for revision.

N.Nathan:pwb:7/9/81

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

DATE: JULY 9, 1981

SUBJECT: MUR 1375: First General Counsel's Report dated 7-7-81.

Attached is a copy of Commissioner Reiche's vote sheet with comments regarding the above-named matter.

ATTACHMENT:
Copy of Vote Sheet

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48 HOUR TALLY SHEET

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
81 JUL 9 P12:44
1325 K STREET N.W.
WASHINGTON, D.C. 20463

Date and Time Transmitted: 7-7-81; 4:00

Commissioner McGARRY, AIKENS, TIERNAN, THOMSON, REICHE, HARRIS

RETURN TO OFFICE OF COMMISSION SECRETARY BY: 7-9-81; 4:00

MUR No. 1375 First General Counsel's Report dated 7-7-81

(✓) I approve the recommendation

( ) I object to the recommendation

COMMENTS:

Date: 7/9/81 Signature: Frank P. Reiche

A DEFINITE VOTE IS REQUIRED AND ALL SHEETS SIGNED AND DATED. PLEASE RETURN ONLY THE VOTE SHEETS TO THE OFFICE OF THE COMMISSION SECRETARY NO LATER THAN THE DATE AND TIME SHOWN ABOVE.

8304037403

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE

FROM: MARJORIE W. EMMONS MWE

DATE: JULY 8, 1981

SUBJECT: OBJECTION - MUR 1375

The First General Counsel's Report in MUR 1375, dated July 7, 1981, was circulated July 7, 1981.

Commissioner Harris filed an objection on July 8, 1981. Therefore, this matter is being placed on the Executive Session agenda for July 14, 1981.

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July 7, 1981

MEMORANDUM TO: Marjorie W. Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 1375

Please have the attached First GC Report distributed to the Commission on a 48 hour tally basis. Thank you.

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1325 K Street, N.W.
Washington, D.C. 20463

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL BY OGC TO THE COMMISSION 7-7-81

MUR # 1375
STAFF MEMBER(S)
Nancy Nathan
202-523-4060

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENT'S NAME: United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)
United Auto Workers Voluntary Community Action Program (UAW-V-CAP); UAW Committee for Good Government (CFGG)

RELEVANT STATUTE: 2 U.S.C. §§ 434(b)(1), 441b(a), 441b(b)(4)(A)(ii); former 2 U.S.C. §§ 432(c)(1), 432(c)(3), 434(b)(11), 437b(a)(2)
11 C.F.R. §§ 103.3(a), 114.1(e), 114.5(a)(2)(i), 114.5(a)(2)(ii), 114.5(a)(3), 114.5(a)(4) and 114.5(a)(5).

INTERNAL REPORTS CHECKED: NONE

FEDERAL AGENCIES CHECKED: NONE

GENERATION OF MATTER

Following the Audit Division audit of respondents for the period January 1, 1977 through March 31, 1979, five findings of the auditors were referred to the Office of General Counsel (OGC) for further review, on OGC's recommendation. (Three of these matters were noted during the audit of UAW-V-CAP, two during the audit of CFGG.)

SUMMARY OF ALLEGATIONS

The violations which are indicated by the interim audit report include: commingling of local members' contributions to the respondent UAW-V-CAP with general local monies in one bank account, with only occasional forwarding of the contributions to respondent UAW-V-CAP's national segregated account; in some UAW-V-CAP fund-raising activities, reporting and depositing only of net proceeds, and payment for merchandise other than by committee check; failure to include monies held at regional UAW-V-CAP depositories in calculating cash-on-hand figures reported to the Commission; solicitation by respondent of CFGG non-member employees of the union; and improper CFGG use of "guidelines" for contributions, as well as failure to inform members of the

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All: 37

voluntary nature and political purpose of the fund.

FACTUAL AND LEGAL ANALYSIS

I. Findings in the UAW-V-CAP Audit

A. Committee Receipt of Funds Drawn on Local Union Accounts

According to information obtained by the auditors, the UAW-V-CAP organizational structure consists of approximately 1500-1600 local unions which solicit contributions from union members, approximately 18 regional offices to which the locals transfer contributions, and the UAW-V-CAP office in Detroit which ultimately receives the contributions first received by the regional offices. CFGG exists to solicit contributions from the staff of the UAW, most of whom apparently are UAW members themselves. Retirees of the UAW are generally solicited for contributions by the various regional offices. Only UAW-V-CAP, CFGG, and the various regional accounts are designated campaign depositories. The locals are not.

The audit revealed that local members' contributions to UAW-V-CAP, while separately accounted for in the local union's books, are commingled with all other local union monies in one bank account. 1/ The auditors were informed that it is a union requirement that each local union have one and only one account. Transfers of the solicited contributions from the locals to the regional accounts are sporadic, but are made at least annually, following each "dollar drive" campaign. The audit revealed that funds may lie in the unsegregated local accounts for as long as ten months.

While labor unions are permitted to solicit contributions to a political fund, the monies in the fund must be separate and segregated. See 2 U.S.C. § 441b(b)(2)(C); Pipefitters Local Union No. 562 v. United States, 407 U.S. 385 at 414, 421-422 (1972); American Federation of Labor and Congress of Industrial Organizations v. Federal Election Commission, 628 F.2d 97 at 100 (D.C. Cir.1980), cert. denied, ____U.S._____, 101 S.Ct. 397(1980). Where, as here, the local unions collect funds on behalf of UAW-V-CAP through dollar drives, raffles, and other fundraising methods, and then deposit those proceeds into the general treasury account of the locals,

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1/ The audit conducted did not review the contribution records of every local and regional union. Rather, two regional unions and four local unions were selected for review.

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there appears to be a clear violation of 2 U.S.C. § 441b. Although the Commission has sanctioned the collection of contributions to a union PAC concurrently with union dues via a joint check off, and the deposit of those funds together in a union account for subsequent division, (see Advisory Opinion 1978-98), it has not indicated that contributions collected separately may be deposited into a union account. Nor do the Commission's regulations authorize the practice of the UAW locals, for they specifically require that a transmittal account containing only permissible funds be used or that the contributions be transmitted directly without depositing them. See 11 C.F.R. § 102.6(b)(1)(2).

The magnitude of the commingling problem can be projected based on the audit figures available. Of the total 1977-1978 receipts of UAW-V-CAP from the various regionals, ($1,286,725.44), approximately 79% or $1,016,513.10 was collected from local unions which presumably had commingled the funds with treasury monies. 2/ Thus, very large sums of commingled monies were received by UAW-V-CAP during the period covered by the audit.

With regard to the delay encountered between the time the locals receive contributions and the time they transfer funds to the regional accounts, former 11 C.F.R. § 103.3(a) required during the period of the audit that all contributions received by a political committee must be deposited in a checking account in an appropriate campaign depository by the treasurer of the committee or his agent within ten (10) days of receipt. In the case of the four locals that were audited for contribution practices, it appears that virtually all contribution receipts were held more than ten days before being forwarded to the regional union accounts.

B. Accounting of Fund-Raising Costs and Receipts

During the period of the audit, 2 U.S.C. §§ 432(c)(1) and (3) required a political committee treasurer to keep detailed accounts of contributions and expenditures. Also during the period of the audit, 2 U.S.C. § 434(b)(11) required a political committee to report its total expenditures. Further, during the period of the audit 2 U.S.C. § 437b(a)(2) provided that no committee expenditure may be made except by a check drawn on a designated committee depository (other than petty cash).

2/ This projection is based on the percentage of the transfers by the two regional accounts audited which did not represent receipts from retirees solicited separately by the regionals themselves. Thus, of the $251,612.43 transferred by the Baltimore and Grand Rapids regionals $199,224.70 represented receipts from the various locals.

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The auditors found that in one of the two locals chosen for review (local 786, York, Pa.), the cost of merchandise sold in fund-raising projects was deducted before the proceeds were deposited in the local account. The same practice of depositing only net proceeds was followed with respect to a raffle conducted by that Local, also to benefit UAW-V-CAP. The national office was notified only of the amount of the net proceeds. Payment was made other than from a check drawn on a committee depository. It thus appears that violations of former 2 U.S.C. §§ 432(c)(1) and (3), 434(b)(11) and 437b(a)(2) have occurred.

C. Accounting for Monies in Regional Depositories

Section 434(b)(1) of the Federal Election Campaign Act of 1971, as amended ("the Act") requires political committees to report cash-on-hand at the beginning of reporting periods.

The audit revealed that the UAW-V-CAP committee reports to the Commission have not included funds held by any of its regional depositories (the middle tier between the local and national levels) in its cash-on-hand figures. This finding was borne out in the auditor's study of the two regional offices it focused upon; bank records in Baltimore and Grant Rapids, Michigan revealed that cash-on-hand there was not included in the national committee's reported cash-on-hand.

II. Audit Findings With Respect to CFGG

A. Written Solicitation of Non-Union Members

Section 441b(b)(4)(A)(ii) of the Act prohibits a labor organization or its separate segregated fund from soliciting contributions from anyone other than its members and their families. Section 114.1(e) of 11 C.F.R. defines labor organization "members" as all persons satisfying the membership requirements of a local, national or international organization.

The audit revealed that UAW clerical and administrative employees, who are not UAW members, contribute by means of payroll deductions. Each employee contributes $2 weekly, or $98 annually, and the audit indicated that during March, 1979, 93 contributors out of 820 were non-union administrative and clerical employees. During the course of the audit period, such non-union contributions would have totalled about $22,400, according to the auditors.

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The Commission has viewed the language of § 441b(b)(4)(A)(ii) as clearly limiting the class of persons who may be solicited by voluntary contributions to a separate segregated fund of a labor organization. In developing regulations to implement the statute, the Commission considered whether employees of a labor organization should be solicited on the same basis as its members, but rejected that as unsupported by the statutory language. See, Explanation and Justification of the Commission's Regulations, House Doc. No. 95-44, 95th Cong., 1st Sess. at 108 (1977); FEC Advisory Opinion 1979-50 at 2.

It should be noted that the prohibition on solicitation of non-members, here union employees, does not amount to a total bar to their contributing to CFGG, in view of the union's ability to accept unsolicited voluntary contributions from non-members under 11 C.F.R. § 114.5(j), and the option of twice-yearly solicitation of non-member employees available under 11 C.F.R. § 114.6.

B. Improper Solicitation Disclosure and Use of Guidelines

Sections 114.5(a)(2)(i) and (ii) of 11 C.F.R. provide that suggested amount "guidelines" may be offered to contributors as long as it is made clear the amounts are only suggested. Sections 114.5(a)(3) and (4) of 11 C.F.R. require a separate segregated fund to inform members of the political purposes and voluntary nature of the fund, and of a member's right to decline without reprisal. 11 C.F.R. § 114.5(a)(5) requires the statements in 11 C.F.R. §§ 114.5(a)(2), (3) and (4) to appear on written solicitation materials.

Payroll deduction is the only method of solicitation used by CFGG, and the payroll deduction check-off card represents its written solicitation material. See Attachment 1. The card does not bear the statements set out in 11 C.F.R. §§ 114.5(a)(2), (3) and (4) that 11 C.F.R. § 114.5(a)(5) requires it to bear.

RECOMMENDATION

1. Find reason to believe that respondents UAW and UAW-V-CAP violated 11 C.F.R. § 103.3(a) by reason of UAW-V-CAP's failure to deposit all contributions received by the committee in a committee checking account within ten days of their receipt.

2. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. §§ 432(c)(1) and (3) by reason of UAW-V-CAP's failure to keep detailed accounts of contributions and expenditures in connection with its fundraising events.

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3. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 434(b)(11) by UAW-V-CAP's failure to report all contributions and expenditures in connection with its fundraising events.

4. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 437b(a)(2) by making committee expenditures in connection with fundraising events other than by check drawn on a designated campaign depository.

5. Find reason to believe that respondents UAW and UAW-V-CAP violated 2 U.S.C. § 434(b)(1) by UAW-V-CAP's failure to include funds held at the regional level depositories in its cash-on-hand reports.

6. Find reason to believe that respondents UAW and CFGG violated 2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions from non-member employees of the union.

7. Find reason to believe that respondents UAW and CFGG violated 11 C.F.R. §§ 114.5(a)(2), (3), (4) and (5) by failing to inform solicitees, on written solicitation materials, of the political purpose of the fund, of a member's right to decline to contribute without reprisal, and that the "guideline" amounts are suggested amounts only.

8. Approve and send the attached letters.

Attachments

1. CFGG solicitation card
2. UAW Enrollment Form
3. Proposed letters

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Federal Election Commission
(8/77)

Attachment 1

525 | E-6
5-17-78

Committee For Good Government
Payroll deduction Authorization + Check List

EMIL MAZEY, SECRETARY-TREASURER, UAW:

Effective with the pay period in which my employment with the UAW started and continuing until I notify you otherwise, I am requesting that you deduct the sum of $2.00 each week from my salary. This sum is to be paid to the UAW Political Action Account as a voluntary contribution from me.

oeiu42aflcio

Name of Representative

Date

Dept. or Region

CABLE: "UAW DETROIT"

Solidarity House
8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214
PHONE (313) 926-5000

Attachment 2

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UAW

DOUGLAS A. FRASER, PRESIDENT
EMIL MAZEY, SECRETARY-TREASURER

VICE-PRESIDENTS
PAT GREATHOUSE • KEN BANNON • IRVING BLUESTONE • ODESSA KOMER • MARC STEPP • MARTIN GERBER • ROBERT WHITE

DATE_____

MEMORANDUM TO:_____

FROM: Arthur M. Miller, Director Accounting Department

SUBJECT: UAW ENROLLMENT FORMS

The UAW Enrollment Forms indicated below are enclosed. They must be completed and returned to the Insurance Office of the Accounting Department as soon as possible. A self-addressed envelope is enclosed.

( ) Proof of Birthdate
( ) Federal Withholding Exemption Certificate
( ) State Withholding Exemption Certificate
( ) City Withholding Exemption Certificate
( ) Personnel Report
( ) Pension Enrollment Card
( ) Designation of Beneficiary for Pension & Severance
( ) Employment Record Card
( ) PAC Card
( ) Dues Deduction Authorization
( ) Life Insurance Application & Designation of Beneficiary
( ) Application for Membership, OPEIU Local 494
( ) Solidarity House Blood Bank Application
( ) Health Service, Inc. Application for Major Medical
( ) Michigan Blue Cross-Blue Shield/Metro Health Plan (choose one)
( ) *Group Life Insurance Application for Spouse and/or Eligible Dependents through Payroll Deduction
( ) Dental Plan Materials - Michigan - Delta Dental Plan
- Outstate - Aetna Dental Plan
( ) EEOC Card
( ) Other Outstate Health Insurance Plan

_____ _____

Canadian Employees please send us your Unemployment Insurance Book.

If you have already completed and returned any of the enclosed forms, please disregard duplicates.

*This insurance is available only to permanent employees.

AMM:oh
opeiu494
enclosures

PRINTED IN USA

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Donald J. Moll
Assistant Treasurer
UAW Voluntary Community Action Program
8000 East Jefferson Avenue
Detroit, Michigan 48214

Re: MUR 1375

Dear Mr. Moll:

On , 1981, the Federal Election Commission determined that there is reason to believe that the UAW, UAW-V-CAP and CFGG violated current sections 434(b)(1) and 441b(b)(4)(A)(ii), and former sections 432(c)(1), 432(c)(3), 434(b)(11) and 437b (a)(2) of Title 2, United States Code, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), as well as sections 103.3(a), 114.5(a)(2), 114.5(a)(3), 114.5(a)(4) and 114.5(a)(5) of Title 11 of the Code of Federal Regulations. These indicated violations appear to be made out by: commingling of local members' contributions to UAW-V-CAP and general local monies in one bank account, with only occasional forwarding of the contributions to UAW-V-CAP's national segregated account; the reporting and depositing only of net proceeds in some fund-raising activities, and payment for merchandise other than by committee check; failure to include monies held at regional UAW-V-CAP depositories in calculating cash-on-hand figures reported to the Commission; CFGG solicitation of non-member employees of the union; and improper CFGG use of "guidelines" for contributions, as well as failure to inform members of the voluntary nature and political purpose of the fund. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against UAW, UAW-V-CAP or CFGG. Please submit any factual or legal materials you believe relevant to the Commission's consideration of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against UAW, UAW-V-CAP or CFGG, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation.

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Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe, if you so desire.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Nancy B. Nathan, the attorney assigned to this matter, at 202-523-4060.

Sincerely,

Enclosures:
General Counsel's Factual and Legal Analysis
Procedures

cc: Mr. Alan Reuther, Esq.
8000 East Jefferson Avenue
Detroit, Michigan 48214

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QUESTIONS

1. How many UAW locals were there in the United States as of January 1, 1977? As of January 1, 1978? As of January 1, 1979? As of January 1, 1980? As of January 1, 1981?

2. How many locals collected contributions for UAW-V-CAP during 1977? During 1978? During 1979? During 1980?

3. Please describe the various methods by which locals solicited and collected contributions for UAW-V-CAP during the period of January 1, 1977, through the present.

4. At any time from January 1, 1977, through the present did the UAW have a policy or requirement that locals maintain one single bank account for all financial activities including the collection of contributions for UAW-V-CAP? If so, please provide copies of any written materials wherein this policy or requirement is set forth.

5. If there was no such UAW policy or requirement, was it nonetheless the practice of locals to maintain one single bank account for all financial transactions, including the collection of contributions for UAW-V-CAP?

6. Of the locals that collected contributions for UAW-V-CAP during 1977, how many deposited contributions into an account containing local treasury funds? How many did so in 1978? How many did so in 1979? How many did so in 1980?

7. Please explain the role of the UAW regional offices in soliciting and collecting contributions for UAW-V-CAP during the period of January 1, 1977, through the present.

8. At any time from January 1, 1977, through the present, did the UAW have a policy or requirement that locals transmit contributions collected for UAW-V-CAP to the regionals only once a year? If so, please provide copies of any written materials wherein this policy or requirement is set forth.

9. If there was no such UAW policy or requirement, was it nonetheless the practice of the locals to transmit contributions collected for UAW-V-CAP to the regionals only once a year?

10. At any time from January 1, 1977, through the present, did the UAW have a policy or requirement that contributions collected by the regionals not be included in the cash-on-hand figures reported by UAW-V-CAP in its filings with the Commission? Please provide copies of any written materials reflecting UAW policy on reporting contributions collected by the regionals.

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11. How many persons were employed by UAW in each year during the period 1977 through 1980?

12. For each of the years 1977 through 1980, how many UAW employees were UAW union members?

13. For the years 1977 through 1980, list the total amounts collected in each year by CFGG from UAW employees who were not UAW members.

14. For the period 1977 through 1980, list those UAW employees who contributed to CFGG and contributed at a rate less than $4 per pay period.

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1375
STAFF MEMBER(S) & TEL. NO.
Nancy Nathan
(202) 523-4060

RESPONDENTS: United Automobile, Aerospace and Agricultural Implement Workers of America (UAW); United Auto Workers Voluntary Community Action Program (UAW-V-CAP); UAW Committee for Good Government (CFGG)
SOURCE OF MUR: INTERNALLY GENERATED

SUMMARY OF ALLEGATIONS

The statutory and regulatory violations which were indicated by the Audit Division's audit of respondents UAW, UAW-V-CAP and CFGG, for the period January 1, 1977 through March 31, 1979, were: 2 U.S.C. §§ 434(b)(1), 441b(a), 441b(b)(4)(A)(ii); former 2 U.S.C. §§ 432(c)(1), 432(c)(3), 434(b)(11), 437b(a)(2), 11 C.F.R. §§ 103.3(a), 114.1(e), 114.5(a)(2)(i), 114.5(a)(2)(ii), 114.5(a)(3), 114.5(a)(4) and 114.5(a)(5).

Those sections involve the following apparent violations: commingling of local members' contributions to the respondent UAW-V-CAP with general local monies in one bank account, with only occasional forwarding of the contributions to respondent UAW-V-CAP's national segregated account; in some UAW-V-CAP fund-raising activities, reporting and depositing only of net proceeds, and payment for merchandise other than by committee check; failure to include monies held at regional UAW-V-CAP depositories in calculating cash-on-hand figures reported to the Commission; solicitation by respondent of CFGG non-member employees of the union; and improper CFGG use of "guidelines" for contributions, as well as failure to inform members of the voluntary nature and political purpose of the fund.

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FACTUAL BASIS AND LEGAL ANALYSIS

I. Findings in the UAW-V-CAP Audit

A. Committee Receipt of Funds Drawn on Local Union Accounts

According to information obtained by the auditors, the UAW-V-CAP organizational structure consists of approximately 1500-1600 local unions which solicit contributions from union members, approximately 18 regional offices to which the locals

transfer contributions, and the UAW-V-CAP office in Detroit which ultimately receives the contributions received by the regional offices. CFGG exists to solicit contributions from the staff of the UAW, most of whom apparently are UAW members themselves. Retirees of the UAW are generally solicited for contributions by the various regional offices. Only UAW-V-CAP, CFGG, and the various regional accounts are designated campaign depositories. The locals are not.

The audit revealed that local members' contributions to UAW-V-CAP, while separately accounted for in the local union's books, are commingled with all other local union monies in one bank account. 1/ The auditors were informed that it is a union requirement that each local union have one and only one account. Transfers of the solicited contributions from the locals to the regional accounts are sporadic, but are made at least annually, following each "dollar drive" campaign. The audit revealed that funds may lie in the unsegregated local accounts for as long as ten months.

While labor unions are permitted to solicit contributions to a political fund, the monies in the fund must be separate and segregated. See 2 U.S.C. § 441b(b)(2)(C); Pipefitters Local Union No. 562 v. United States, 407 U.S. 385 at 414, 421-422 (1972); American Federation of Labor and Congress of Industrial Organizations v. Federal Election Commission, 628 F.2d 97 at 100 (D.C. Cir.1980), cert. denied, ____U.S.____, 101 S.Ct. 397(1980). Where, as here, the local unions collect funds on behalf of UAW-V-CAP through dollar drives, raffles, and other fundraising methods, and then deposit those proceeds into the general treasury account of the locals, there appears to be a clear violation of 2 U.S.C. § 441b. Although the Commission has sanctioned the collection of contributions to a union PAC concurrently with union dues via a joint check off, and the deposit of those funds together in a union account for subsequent division, (see Advisory Opinion 1978-98), it has not indicated that contributions collected separately may be deposited into a union account. Nor do the Commission's regulations authorize the practice of the UAW locals, for they specifically require that a transmittal account containing only permissible funds be used or that the contributions be transmitted directly without depositing them. See 11 C.F.R. § 102.6(b)(1)(2).

With regard to the delay encountered between the time the locals receive contributions and the time they transfer funds

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1/ The audit conducted did not review the contribution records of every local and regional union. Rather, two regional unions and four local unions were selected for review.

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to the regional accounts, former 11 C.F.R. § 103.3(a) required during the period of the audit that all contributions received by a political committee must be deposited in a checking account in an appropriate campaign depository by the treasurer of the committee or his agent within ten (10) days of receipt. In the case of the four locals that were audited for contribution practices, it appears that virtually all contribution receipts were held more than ten days before being forwarded to the regional union accounts.

B. Accounting of Fund-Raising Costs and Receipts

During the period of the audit, 2 U.S.C. §§ 432(c)(1) and (3) required a political committee treasurer to keep detailed accounts of contributions and expenditures. Also during the period of the audit, 2 U.S.C. § 434(b)(11) required a political committee to report its total expenditures. Further, during the period of the audit 2 U.S.C. § 437b(a)(2) provided that no committee expenditure may be made except by a check drawn on a designated committee depository (other than petty cash).

The auditors found that in one of the two locals chosen for review (local 786, York, Pa.), the cost of merchandise sold in fund-raising projects was deducted before the proceeds were deposited in the local account. The same practice of depositing only net proceeds was followed with respect to a raffle conducted by that Local, also to benefit UAW-V-CAP. The national office was notified only of the amount of the net proceeds. Payment was made other than from a check drawn on a committee depository. It thus appears that violations of former 2 U.S.C. §§ 432(c)(1) and (3), 434(b)(11) and 437(b)(2) have occurred.

C. Accounting for Monies in Regional Depositories

Section 434(b)(1) of the Federal Election Campaign Act of 1971, as amended ("the Act") requires political committees to report cash-on-hand at the beginning of reporting periods.

The audit revealed that the UAW-V-CAP committee reports to the Commission have not included funds held by any of its regional depositories (the middle tier between the local and national levels) in its cash-on-hand figures. This finding was borne out in the auditors' study of the two regional offices it focused upon; bank records in Baltimore and Grand Rapids, Michigan revealed that cash-on-hand there was not included in the national committee's reported cash-on-hand.

II. Audit Findings With Respect to CFGG

A. Written Solicitation of Non-Union Members

Section 441b(b)(4)(A)(ii) of the Act prohibits a labor organization or its separate segregated fund from soliciting contributions from anyone other than its members and their families. Section 114.1(e) of 11 C.F.R. defines labor organization "members" as all persons satisfying the membership requirements of a local, national or international organization.

The audit revealed that UAW clerical and administrative employees, who are not UAW members, contribute by means of payroll deductions. Each employee contributes $2 weekly, or $98 annually, and the audit indicated that during March, 1979, 93 contributors out of 820 were non-union administrative and clerical employees.

The Commission has viewed the language of § 441b(b)(4)(A)(ii) as clearly limiting the class of persons who may be solicited by voluntary contributions to a separate segregated fund of a labor organization. In developing regulations to implement the statute, the Commission considered whether employees of a labor organization should be solicited on the same basis as its members, but rejected that as unsupported by the statutory language. See, explanation and justification of the Commission's Regulations, House Doc. No. 95-44, 95th Cong., 1st Sess. at 108 (1977); FEC Advisory Opinion 1979-50 at 2.

It should be noted that the prohibition on solicitation of non-members, here union employees, does not amount to a total bar to their contributing to CFGG, in view of the union's ability to accept unsolicited voluntary contributions from non-members under 11 C.F.R. § 114.5(j), and the option of twice-yearly solicitation of non-member employees available under 11 C.F.R. § 114.6.

B. Improper Solicitation Disclosure and Use of Guidelines

Sections 114.5(a)(2)(i) and (ii) of 11 C.F.R. provide that suggested amount "guidelines" may be offered to contributors as long as it is made clear the amounts are only suggested. Sections 114.5(a)(3) and (4) of 11 C.F.R. require a separate segregated fund to inform members of the political purposes and voluntary nature of the fund, and of a member's right to decline without reprisal. 11 C.F.R. § 114.5(a)(5) requires the statements in 11 C.F.R. §§ 114.5(a)(2), (3) and (4) to appear on written solicitation materials.

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Payroll deduction is the only method of solicitation used by CFGG, and the payroll deduction check-off card represents its written solicitation material. The card does not bear the statements set out in 11 C.F.R. §§ 114.5(a)(2), (3) and (4) that 11 C.F.R. § 114.5(a)(5) requires it to bear.

RECOMMENDATION

Therefore, the General Counsel recommends that the Commission:

1. Find reason to believe that respondents UAW and UAW-V-CAP violated 11 C.F.R. § 103.3(a) by reason of UAW-V-CAP's failure to deposit all contributions received by the committee in a committee checking account within ten days of their receipt.

2. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 432(c)(1) and (3) by reason of UAW-V-CAP's failure to keep detailed accounts of contributions and expenditures in connection with its fundraising events.

3. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 434(b)(11) by UAW-V-CAP's failure to report all contributions and expenditures in connection with its fundraising events.

4. Find reason to believe that respondents UAW and UAW-V-CAP violated former 2 U.S.C. § 437b(a)(2) by making committee expenditures in connection with fundraising events other than by check drawn on a designated campaign depository.

5. Find reason to believe that respondents UAW and UAW-V-CAP violated 2 U.S.C. § 434(b)(1) by UAW-V-CAP's failure to include funds held at the regional level depositories in its cash-on-hand reports.

6. Find reason to believe that respondents UAW and CFGG violated 2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions from non-member employees of the union.

7. Find reason to believe that respondents UAW and CFGG violated 11 C.F.R. §§ 114.5(a)(2), (3), (4) and (5) by failing to inform solicitees, on written solicitation materials, of the political purpose of the fund, of a member's right to decline to contribute without reprisal, and that the "guideline" amounts are suggested amounts only.

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Federal Election Commission
(8/77)

Attachment 1

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5-17-78

Committee For Good Government
Payroll deduction Authorization + Check List

EMIL MAZEY, SECRETARY-TREASURER, UAW:

Effective with the pay period in which my employment with the UAW started and continuing until I notify you otherwise, I am requesting that you deduct the sum of $2.00 each week from my salary. This sum is to be paid to the UAW Political Action Account as a voluntary contribution from me.

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Name of Representative

Date

Dept. or Region

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Attachment 2

Solidarity House
8000 EAST JEFFERSON AVE.
DETROIT, MICHIGAN 48214
PHONE (313) 926-5000

UAW
INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UAW
DOUGLAS A. FRASER, PRESIDENT
EMIL MAZEY, SECRETARY-TREASURER
VICE-PRESIDENTS
PAT GREATHOUSE • KEN BANNON • IRVING BLUESTONE • ODESSA KOMER • MARC STEPP • MARTIN GERBER • ROBERT WHITE

DATE_____

MEMORANDUM TO:_____

FROM: Arthur M. Miller, Director Accounting Department

SUBJECT: UAW ENROLLMENT FORMS

The UAW Enrollment Forms indicated below are enclosed. They must be completed and returned to the Insurance Office of the Accounting Department as soon as possible. A self-addressed envelope is enclosed.

( ) Proof of Birthdate
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( ) State Withholding Exemption Certificate
( ) City Withholding Exemption Certificate
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( ) Employment Record Card
( ) PAC Card
( ) Dues Deduction Authorization
( ) Life Insurance Application & Designation of Beneficiary
( ) Application for Membership, OPEIU Local 494
( ) Solidarity House Blood Bank Application
( ) Health Service, Inc. Application for Major Medical
( ) Michigan Blue Cross-Blue Shield/Metro Health Plan (choose one)
( ) *Group Life Insurance Application for Spouse and/or Eligible Dependents through Payroll Deduction
( ) Dental Plan Materials - Michigan - Delta Dental Plan
- Outstate - Aetna Dental Plan
( ) EEOC Card
( ) Other Outstate Health Insurance Plan
_____ _____

Canadian Employees please send us your Unemployment Insurance Book.

If you have already completed and returned any of the enclosed forms, please disregard duplicates.

*This insurance is available only to permanent employees.

AMM:oh
opeiu494
enclosures

PRINTED IN USA

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 4, 1981

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: B. ALLEN CLUTTER
STAFF DIRECTOR

FROM: BOB COSTA RJC

SUBJECT: INTERIM AUDIT REPORTS-UAW-VOLUNTARY COMMUNITY ACTION PROGRAM (UAW-V-CAP) COMMITTEE FOR GOOD GOVERNMENT (CFGG)

Attached as Exhibits I, II, and III are matters you requested to be deleted from the interim audit report of UAW-Voluntary Community Action Program in your legal analysis of February 11, 1981, and, as requested, are hereby referred to your Office. Also attached as Exhibits IV and V are matters you requested to be deleted from the interim audit report of Committee For Good Government in your legal analysis of February 11, 1981 and, as requested, are hereby referred to your Office.

Attachments as stated

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Exhibit I

Receipt of Funds Drawn on Local Union Accounts

Section 441b(a) of Title 2 of the Unites States Code, states, in part, that it is unlawful for any labor organization to make a contribution or expenditure in connection with any Federal election.

Section 103.3(a) of Title 11, Code of Federal Regulations requires, in part, that all contributions received by political committee(s) shall be deposited in a checking account in the appropriate campaign depository by the treasurer of the committee or his/her agent, within 10 days of receipt. Subsequent to the audit fieldwork, Section 432(b)(2) of Title 2, United States Code was amended to require, in part, that contributions be forwarded to the Committee treasurer within 30 days of receipt, or in the case of contributions in excess of $50.00, within 10 days of receipt.

Our review of records at the local level and discussions with officials at the regional and local level revealed that voluntary contributions solicited by the local officials are deposited in the locals' union accounts. The UAW-V-CAP funds are accounted for separately from union funds in the locals' books by ledger entries. According to Committee officials the normal practice of the locals has been to transfer contributions to the regional office sporadically and at the end of the yearly "dollar drive". Our review revealed that it may take up to ten (10) months to transfer funds from the local union account to the segregated UAW-V-CAP account at the regional level. Committee officials advised us that it is union policy that locals maintain only one (1) bank account for all union related financial activity.

Recommendation

In order to comply with the requirements regarding timely transmittal of funds and the prohibition against commingling of contributions with union funds, the Committee should advise all locals in writing to either:

a. establish a "transmittal" account to be used solely for the deposit and transmittal of contributions to the Committee, and into which only funds subject to the prohibitions and limitations of the act can be deposited. Contributions deposited into such transmittal account(s) should be forwarded to a Committee treasurer within 30 days of original collection, or, if in excess of $50 per any one individual, within 10 days of receipt, together with the contributor's name and address, and the date of contribution, in accordance with the present requirements of Section 432(b)(2) of Title 2, United States Code.

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No disbursements may be made from the account except for the transmittal of contributions and the "transmittal" account need not be disclosed on the Committee's Statement of Organization. Alternatively, contributions may be forwarded by money order, cashier's check or similar instrument without depositing such contributions in any account prior to the transfer; or

b. designate such campaign depositories as necessary at the field office level, and establish a checking account in such depositories. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions (and expenditures and cash on hand in the case of a designated depository) must be disclosed on the report filed for the period in which the transaction occurs.

The Audit staff further recommends that the Committee submit a copy of the instructions to locals to the Audit staff for review within 30 days of receipt of this report.

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Accounting for Fundraising Receipts and Expenditures

During the period of the audit, Section 432(c)(1) and (3) of Title 2, United States Code, required that a treasurer of a political committee keep a detailed and exact account of all contributions made to the committee and all expenditures made by the committee. During the period of the audit, Section 434(b)(11) of Title 2, United States Code, stated that a political committee shall also report the total amount of expenditures made by the Committee. During the period of the audit, Section 437b(2) of Title 2, United States Code stated, in part, that no expenditure may be made by a committee except by check drawn on a designated campaign depository, other than petty cash expenditures.

A discussion with officials at Local 786 in York, Pennsylvania revealed that that office had sold fruit and jackets and deducted the cost of these items before depositing the proceeds in the Committee's accounts. This office also conducted raffles for UAW-V-CAP and only deposited and notified the Regional office of the net proceeds from these raffles.

Recommendation

The Audit staff recommends that the Committee advise each local in writing that the total amount of proceeds received by or on behalf of the Committee should be accounted for and disclosed on reports. The directive should also require the locals to account for and report all Committee expenditures (which may be made from designated depositories only), including raffle prizes and cost of items sold. The Audit staff further recommends that the Committee submit copies of the procedures to the Audit staff for review within 30 days of receipt of this report.

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Accounting for Activity in Regional Designated Depositories

Section 434(b)(1) of Title 2, United States Code requires political committees to report the amount of cash on hand at the beginning of a reporting period.

A review of Committee bank records at the Regional offices in Baltimore and Grand Rapids revealed that cash on deposit in these designated depositories was not included in cash on hand in the Committee's reports filed during the audit period. Both regions collect contributions and periodically forward amounts to the National office of the Committee. In addition, our review of Committee bank records and disclosure reports indicates that the Committee has not included funds in any of its regional designated depositories in cash-on-hand figures reported to the Commission during the audit period.

Recommendation

The Audit staff recommends that the next report filed by the Committee include funds on deposit in the Committee's designated depositories in reported cash on hand, with an explanation for the adjustment. For regions where no expenditures are made, the Committee may alternatively set up "transmittal" accounts which should be used solely to transmit voluntary contributions to a designated depository, (see Finding B.1).

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Exhibit IV

Solicitation of Non-Union Members

Section 441b(b)(4)(A)(ii) of Title 2, United States Code states that it shall be unlawful for a labor organization, or a separate segregated fund established by a labor organization to solicit contributions to such a fund from any person other than its members and their families.

Section 114.1(e) of Title 11 of the Code of Federal Regulations defines "members" of a labor organization as all persons satisfying the requirements for membership in a local, national or international labor organization.

As previously stated, the Committee solicits contributions by the payroll deduction method from UAW clerical and administrative employees. A review of committee records revealed that during March, 1979, 93 out of 820 contributors were not UAW union members. Each member of the Committee makes a $2.00 weekly contribution ($4.00 per pay period) up to 49 weeks a year for a total of $98.00 a year. Based on this review it is estimated that during the audit period individuals who were not members of UAW gave approximately $22,400.00 to the Committee. Committee officials advised that they were unaware of the restrictions on solicitation to members only but indicated they would refund these contributions, if recommended by the Commission.

Recommendation

The Audit staff recommends that the committee discontinue the practice of soliciting contributions from employees who are not union members. The staff further recommends that the Committee, within 30 days of receipt of this report, refund the amounts contributed by non-union members during the audit period and submit copies of both sides of the cancelled refund checks to the Audit staff for review.

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Improper Solicitation and Use of Guideline

Sections 114.5(a)(2)(i) and (ii) of Title 11, Code of Federal Regulations state, in part, that guidelines for the amount of contributions solicited may be suggested as long as the potential contributor is informed that the guidelines are merely suggestions and that he may give more or less than the suggested guideline. Section 114.5(a)(3) and (4) of Title 11, Code of Federal Regulations requires a separate segregated fund to inform members of the political purposes and voluntary nature of the fund and a member's right to refuse to contribute without fear of reprisal.

A review of Committee records, plus conversations with Committee officials, revealed that payroll deduction is the only method of solicitation employed by the Committee. As a result, the Committee's payroll deduction authorization card, which includes a requested amount of $4.00 per pay period, is the only written solicitation distributed to potential contributors. It was noted that the cards do not contain the statements mentioned in 11 CFR 114.5(a)(2), (3) and (4) that are required to be included by 11 C.F.R. 114.5(a)(5). In addition, the solicitation card did not advise the potential contributors that the requested amount of $4.00 per pay period was only a suggestion and that they were free to give more or less. Further, a review of Committee records revealed that the Committee had not maintained copies of the cards for a substantial number of contributors. The Assistant Treasurer could offer no explanation for the lack of records but indicated that cards are being maintained for all new contributors.

Recommendations

It is the recommendation of the Audit staff that the Committee, within 30 days of receipt of this report, revise their payroll deduction authorization card to include the statements required by 11 CFR 114.5(a)(2), (3) and (4), and submit a copy to the Audit staff for review.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

THIS IS THE BEGINNING OF MUR # 1375

83040374033

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1375

Date Filmed 1/28/83 Camera No. --- 2

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE PUBLIC FILE OF CLOSED MUR 1375.

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Gec# 9553

83 FEB 24 P1:52

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW

DOUGLAS A. FRASER, PRESIDENT RAY MAJERUS, SECRETARY-TREASURER

VICE-PRESIDENTS

OWEN BIEBER • DON EPHLIN • MARTIN GERBER • ODESSA KOMER • MARC STEPP • ROBERT WHITE • STEPHEN YOKICH

IN REPLY REFER TO
1757 N STREET, N.W.
WASHINGTON, D.C. 20036
TELEPHONE (202) 828-8500

February 23, 1983

Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1375

Dear Mr. Steele:

This is to advise you that the UAW has taken the necessary steps to comply with and implement the requirements contained in the conciliation agreement in the above referenced MUR. Enclosed you will find a copy of a letter from Douglas Fraser which was sent to all UAW Local Unions advising them of the thirty day requirement for transmitting contributions to UAW V-CAP. Also enclosed is a memo to the Regional Directors informing them of the requirement for reporting cash on hand in the Regional depositories. Finally, enclosed is a copy of a memo from Hank Lacayo and myself to Art Miller pertaining to the solicitation of contributions to CFGG and the language contained in the checkoff authorization card for CFGG.

Sincerely,

Alan Reuther

Alan V. Reuther
Assistant General Counsel

AVR:cw
opeiu494
cc: Nancy Nathan

8304030016

CABLE: "UAW DETROIT"

Solidarity House

8000 EAST JEFFERSON AVE
DETROIT, MICHIGAN 48214
PHONE (313) 926-5000

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW

DOUGLAS A. FRASER, *PRESIDENT* RAYMOND E. MAJERUS, *SECRETARY-TREASURER*

VICE-PRESIDENTS

OWEN F. BIEBER • DONALD F. EPHLIN • MARTIN GERBER • ODESSA KOMER • MARC STEPP • ROBERT WHITE • STEPHEN P. YOKICH

February 18, 1983

TO PRESIDENTS AND FINANCIAL SECRETARIES
OF ALL UAW LOCAL UNIONS IN THE U.S.

RE: Federal Election Campaign Law
Requirements for UAW V-CAP
Fundraising Drives

Greetings:

As you may be aware, the Federal Election Campaign Act prohibits labor unions from using their treasury funds (i.e., dues) to make political contributions and expenditures in connection with federal elections. Only free money - i.e., moneys voluntarily contributed by UAW members and their families - can be used for these purposes.

In order to comply with the provisions of the federal law, the UAW has established a separate, segregated fund, known as UAW V-CAP, which makes all federal contributions and expenditures for the Union. This fund is composed entirely of "free" money contributed voluntarily by UAW members and their families.

The Federal Campaign Law also imposes a number of conditions on the manner in which we may raise money for UAW V-CAP. In order to ensure that we remain in compliance with the law, all Local Unions should observe the following points in conducting their fundraising drives for UAW V-CAP:

1. The Union can only solicit contributions to UAW V-CAP from UAW members and their families. You cannot solicit contributions from the general public.

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2. All contributions of $50 or less must be forwarded to the treasurer of UAW V-CAP within 30 days after receipt of the contributions. The Federal Election Commission is particularly strict on this point. In order to make sure that they are in compliance with this rule, Local Unions should establish procedures whereby every week they automatically forward all contributions received from members to their Regional office or directly to UAW V-CAP, care of the International Union. It is imperative that the Locals NOT delay the forwarding of the total contributions. They must be submitted weekly.

3. Local Unions should forward the gross proceeds from any fundraising events to UAW V-CAP. They cannot deduct any costs connected with the fundraising events. They must forward the gross proceeds weekly.

Failure to implement the above-mentioned procedures could result in placing our Union in jeopardy of violating the Federal Election Campaign Law requirements.

I regret having to burden your Local Union with this additional red tape; however, we have no alternative.

If you have any questions concerning these or other requirements of the Federal Campaign Law, you should contact your Regional CAP staff representative.

Fraternally,

Douglas A. Fraser

Douglas A. Fraser, President
International Union, UAW

DAF:mw
opeiu-494

cc Officers and Regional Directors
CAP Staff

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Inter-Office Communication

February 12, 1983

To International Executive Board

From Hank Lacayo & Alan Reuther

Subject FEC Audit

Greetings:

Under the Federal Election Campaign Act, the Union is required to file reports every month listing the total amount of cash on hand in UAW V-CAP. This includes any sums held in Regional accounts, as well as the balance maintained in National UAW V-CAP. In the course of their last audit, the FEC found that the UAW had inadvertently failed to include certain funds held at the Regional level depositories in cash on hand reports to the Commission. Since we had previously issued instructions to the Regions that they should transmit all monies to National UAW V-CAP immediately after receiving the funds from Local Unions, it was assumed that there were no material amounts of money left in any of the Regional depositories which needed to be reported. This turned out not to be the case, unfortunately. In order to insure that the Union complies with the reporting requirements under the Federal Campaign law, we would again urge that all Regions immediately transmit any monies received from Local Unions to National UAW V-CAP. In addition, to insure that the Union is in a position to file complete reports, each Region should make sure to advise the Accounting Department each and every month of the total cash on hand in their Regional V-CAP accounts. Since UAW V-CAP must file its reports for each month by the tenth day of the following month, the Regions should transmit the foregoing information to the accounting department by the fifth day of the following month.

Fraternally,

Hank Alan

AVR:jt
opeiu494afl/cio
cc: Art Miller
Carolyn Forrest
Don Moll

83040385051

Inter-Office Communication

February 12, 1983

To Art Miller

From Hank Lacayo & Alan Reuther

Subject Solicitation of Contributions to CFGG

Dear Art:

As you are aware, the Federal Election Campaign Act generally makes it unlawful for a labor union to solicit contributions to a separate segregate fund from any persons other than its members and their families. Non-member employees may only be solicited in writing twice a year, and then only under certain limited circumstances. We have previously discussed the need for the UAW to take certain actions to insure that it fully complies with the law. This is to confirm that, pursuant to our instructions, you have instituted the following policies and procedures in connection with the solicitation of contributions to the Committee for Good Government (CFGG).

1. The cards authorizing the assignment and checkoff of contributions to CFGG are only being given to new employees who are members of the UAW. They are not being given to any new employees who are not members of the Union.

2. The non-member employees who were formerly participating in the CFGG payroll deduction plan have been removed from that program.

3. The card which is utilized by individuals to authorize the assignment and checkoff of contributions to CFGG has been revised to conform to the draft attached to this letter.

If you have any questions, please do not hesitate to contact us.

Fraternally,

Hank Alan

HL:AR:jt
opeiu494

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AUTHORIZATION FOR
CHECKOFF OF CONTRIBUTIONS TO CFGG

To: Ray Majerus, Secretary Treasurer, UAW:

I hereby assign to CFGG, from any wages earned or to be earned by me as an employee of the UAW, the sum of two (2) dollars each and every week. I hereby authorize and direct you to deduct this amount from my salary each and every week, and to remit same to CFGG, at any time while this authorization is in effect.

This authorization is voluntarily made. I understand that the signing of this authorization and the making of payments to CFGG are not conditions of membership in or employment with the UAW, that I have the right to refuse to sign this authorization and contribute to CFGG without any reprisal, and that CFGG will use the money it receives to make political contributions and expenditures in connection with federal, state and local elections.

I understand that the guidelines for contributions to CFGG are merely suggestions, that I can contribute more or less than the guidelines suggest, and that the UAW will not favor or disadvantage me based on the amount of my contributions or my decision not to contribute.

_____ _____
Date Name

_____
Department or Region

opeiu494afl/cio

830403830532

UNITED AUTOMOBILE · AEROSPACE · AGRICULTURAL IMPLEMENT WORKERS of AMERICA (UAW)
INTERNATIONAL UNION
WASHINGTON OFFICE
1757 N STREET, N.W.
WASHINGTON, D. C. 20036

WASHINGTON FEB 23 '83 D.C.

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RECEIVED AT THE FEC

Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

END OF ADDITIONAL MATERIAL FOR CLOSED MUR 1375.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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GCC#899
83 SEP 30 PM 12:26 NN

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW

OWEN F. BIEBER, PRESIDENT

RAYMOND E. MAJERUS, SECRETARY-TREASURER

VICE PRESIDENTS

BILL CASSTEVENS • DONALD F. EPHLIN • ODESSA KOMER • MARC STEPP • ROBERT WHITE • STEPHEN P. YOKICH

IN REPLY REFER TO
1757 N STREET, N.W.
WASHINGTON, D.C. 20036
TELEPHONE: (202) 828-8500

83 SEP 30 P2:39

September 29, 1983

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
Washington, D. C. 20463

Re: MUR 1375

Dear Mr. Gross:

Paragraph VI. 1. of the conciliation agreement entered into between the UAW and the Federal Election Commission in connection with the above referenced case provides that UAW local unions will deposit and/or transmit contributions to UAW-V-CAP in accordance with the applicable provisions of the FECA and the Commission's regulations. This provision of the conciliation agreement goes on to state that, in view of the large number of local UAW unions, Respondents will have a reasonable period of time to bring their local union accounts into compliance on this point.

New FEC regulations dealing with collecting agents and joint fundraising became effective on August 22, 1983. Section 102.6(c)(4)(ii)(B) of these new regulations specifically provides that a collecting agent may transfer voluntary political contributions by depositing the contributions into its treasury account, so long as it keeps separate records of all receipts and deposits that represent contributions to the separate segregated fund. It is my understanding that, in light of this new regulation, the procedures being used by UAW local unions for the deposit and transmittal of contributions to UAW-V-CAP are now in compliance with the provisions of the FECA and the Commission's regulations. Accordingly, unless I hear from you to the contrary, I will advise Respondents that, as a result of the new regulations, they are not required to take any actions to bring UAW local unions into compliance with the law regarding the deposit and transmittal of contributions to UAW-V-CAP.

Sincerely,

Alan Reuther

Alan V. Reuther
Assistant General Counsel

AVR:njk
opeiu494

8404043016

UNITED AUTOMOBILE · AEROSPACE · AGRICULTURAL IMPLEMENT WORKERS of AMERICA (UAW)
WASHINGTON OFFICE
1757 N STREET, N.W.
WASHINGTON, D. C. 20036

WASHINGTON, DC 200
PM
29 SEP
1983

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OCTOBER
12:20

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
Washington, D. C. 20463

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # Additional 1375

Date Filmed 2/10/84 Camera No. --- 4

Cameraman JRL