FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3486

DATE FILMED 1-8-93 CAMERA NO. 4

CAMERAMAN S.L.G.

93040924982

OGC 4426

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

Machinists Building
1300 Connecticut Avenue
Washington, D.C. 20036-1703

Area Code 202
857-5200

OFFICE OF THE GENERAL VICE PRESIDENT

CO 1 General Electric

March 17, 1992

Subj: FEC Regulations

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 MAR 17 PM 3:13

MUR 3486

HAND DELIVERED

Mr. Lawrence Noble
General Counsel
Federal Election Commission
999 E Street, N.E.
Washington, D.C. 20463

Dear Mr. Noble:

The International Association of Machinists and Aerospace Workers, AFL-CIO ("IAM") submits the following Complaint against the General Electric Company ("GE") in accordance with 2 U.S.C. Section 437(g)(a)(1) and 11 C.F.R. Section 111.4 of the Federal Election Commission's regulations.

As we show in the following paragraphs, GE has violated Section 441b(b)(6) by refusing to make available to the IAM at GE the method of soliciting voluntary contributions utilized by GE affiliate Kidder Peabody Group Inc. ("Kidder Peabody").

1. The IAM is the exclusive collective bargaining representative for thousands of production and maintenance employees at GE.

2. The IAM maintains a separate segregated fund, the Machinists Nonpartisan Political League ("MNPL"), that is utilized for political purposes in accordance with the Federal Election Campaign Act.

3. In the early Fall of 1991, the IAM learned that one of GE's affiliates, Kidder Peabody, provided its employees with a system of payroll deduction to facilitate the making of voluntary contributions to its political action committee.

4. On October 10, 1991, the IAM official with overall responsibility for coordinating the IAM's collective bargaining relations with GE, General Vice President George J. Poulin, telephoned his counterpart at GE's Fairfield, Connecticut, headquarters, James B. Smith. Mr. Poulin told Mr. Smith that he was calling as a courtesy to advise that the IAM would be forwarding to him a written request for GE to provide the IAM with political action checkoff since GE affiliate Kidder Peabody provided checkoff to its employees. Mr. Smith told Mr. Poulin that he was not aware that Kidder Peabody had checkoff, but he would check and call back. Mr. Smith called Mr. Poulin and confirmed that Kidder Peabody had checkoff, but that rather than providing checkoff to the IAM, GE would drop the deduction for Kidder Peabody employees "thereby solving the problem." <u>See</u> Attachment A, Poulin Affidavit.

5. On December 3, 1991, Poulin sent a certified letter to Mr. Smith requesting that the company make available to the IAM at GE and all its affiliated corporations the same method of soliciting voluntary contributions that was being utilized by Kidder Peabody for its employees. Mr. Poulin specifically advised Mr. Smith that "the IAM's statutory right to checkoff at GE cannot be defeated by any decision to eliminate Kidder Peabody's checkoff made as a result of my courtesy call to you on October 10, 1991, notifying you that this written request would be forthcoming."[1] Attachment B.

6. IAM representatives assigned to service particular GE locations throughout the United States sent similar letters requesting that GE provide IAM-represented employees at their locations with political action checkoff. Attachments C1-C13.

7. On January 13, 1992, Mr. Smith responded in writing and denied the IAM's request for political action checkoff at GE. He "confirmed that Kidder Peabody did have a payroll deduction option for their political action committee." He also asserted that "[b]ecause such a payroll deduction was contrary to GE practices, the Kidder Peabody payroll deduction option was discontinued." Attachment D.

---

[1]Mr. Poulin's letter to Mr. Smith inadvertently stated that the IAM represented employees at Kidder Peabody. That the IAM does not represent employees at this GE affiliate does not defeat the IAM's entitlement to political action checkoff at GE.

8. Federal election law explicitly requires "[a]ny corporation, including its subsidiaries, branches, divisions, and affiliates, that utilizes a method of . . . facilitating the making of voluntary contributions . . . to make available such method . . . to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates." 2 U.S.C. Section 441b(b)(6).

9. A method of soliciting voluntary contributions was in existence at GE affiliate Kidder Peabody at the time GE was notified of the IAM's request. GE, therefore, was required to make the same method available to the IAM.

The IAM requests that an investigation promptly be made of the facts set forth in this Complaint. We further urge that appropriate action be taken to enforce the IAM's statutory right to checkoff at GE. GE's theory is that it is entitled to allow checkoff for its affiliates but not its unions until it is caught, at which time it can avoid its legal obligation by changing the practices of its affiliates. The Commission should not tolerate such abusive practices, which will inevitably signal all corporations that it is acceptable to play "hide and seek" to avoid the plain requirements of the law.

Respectfully submitted,

Allison Beck

Allison Beck
GENERAL COUNSEL

AB/rt

I do solemnly swear that the contents of this Complaint are known to me and that the matters and things therein set forth are true.

Allison Beck

Allison Beck

Subscribed and sworn to before me this 17th day of March, 1992.

My Commission Expires: ROBIN G. TUMINARO NOTARY PUBLIC DISTRICT OF COLUMBIA My Commission Expires May 14, 1996

Robin G. Tuminaro

Notary Public

NOTARY PUBLIC DISTRICT OF COLUMBIA

93040924985

ATTACHMENT A

AFFIDAVIT OF GEORGE J. POULIN

I, GEORGE J. POULIN, being first duly sworn, depose and say as follows:

1. I am a General Vice President of the International Association of Machinists and Aerospace Workers, AFL-CIO ("IAM" or "International Union"). I am currently assigned to the IAM's Northeast Territory, where I supervise the activities of the organization in the Northeastern United States.

2. I also have a number of special assignments in my capacity as a General Vice President. One of these special assignments is the overall coordination of the IAM's collective bargaining with the General Electric Company ("GE") at all GE locations.

3. Sometime early in the Fall of 1991, I learned that one of GE's affiliates, Kidder, Peabody Group Inc. ("Kidder Peabody"), provided its employees with a system of payroll deduction to facilitate voluntary contributions to its political action committee.

4. Accordingly, on October 10, 1991, as a courtesy, I telephoned Mr. James B. Smith, Jr., Manager, Local Contracts Operations, at GE. I told him that the IAM was preparing an official written request for GE to provide the IAM with political

action checkoff since one of GE's affiliates, Kidder Peabody, provided checkoff to its employees. Mr. Smith said he was not aware that Kidder Peabody had checkoff, but that he would check and call me back. Mr. Smith did call me and he stated that rather than providing checkoff to the IAM, the company would drop the deduction for Kidder Peabody employees "thereby solving the problem."

5. On December 3, 1991, I wrote to Mr. Smith requesting that the company make available to the IAM at GE and all its affiliated corporations the same method of soliciting voluntary contributions that was being utilized by Kidder Peabody for its employees. I specifically advised Mr. Smith that "the IAM's statutory right to checkoff at GE cannot be defeated by any decision to eliminate Kidder Peabody's checkoff made as a result of my courtesy call to you on October 10, 1991, notifying you that this written request would be forthcoming."

6. On January 13, 1992, Mr. Smith refused the IAM's request to make political action checkoff available to IAM-represented employees at GE or any of its affiliates or subsidiaries. Mr. Smith "confirmed that Kidder Peabody did have a payroll deduction option for their political action committee. Because such a payroll deduction was contrary to GE practices, the Kidder Peabody payroll deduction option was discontinued."

Executed this 13 day of March, 1992, at Stamford, Connecticut.

GEORGE J. POULIN

STATE OF CONNECTICUT) ss.

On March 13, 1992, before me the undersigned, a Notary Public for the State of Connecticut, personally appeared George J. Poulin, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged that he executed it.

My Commission Expires: 4-1-94

NOTARY PUBLIC

MICHAEL W. GRAVITZ
Notary Public
Fairfield County, Conn.
My Commission Expires 4-1-94

ATTACHMENT B

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

Northeast Territory
1281 East Main Street
Stamford, CT 06902

203-359-9764
FAX # 203-967-4530

OFFICE OF THE GENERAL VICE PRESIDENT

CERTIFIED MAIL #P 521 674 002
RETURN RECEIPT REQUESTED

December 3, 1991

Mr. James B. Smith, Jr.- Manager
Local Contracts Operations
General Electric Company
3135 Easton Turnpike
Fairfield, Connecticut 06431

Dear Mr. Smith:

As we recently discussed, the International Association of Machinists and Aerospace Workers, AFL-CIO (the "IAM") represents employees working for General Electric Company ("GE") at its various locations, as well as for GE's affiliate, Kidder, Peabody Group Inc. ("Kidder Peabody"). Since Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE and all its affiliated corporations the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b(b)(6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations. Moreover, the IAM's statutory right to checkoff at GE cannot be defeated by any decision to eliminate Kidder Peabody's checkoff made as a result of my courtesy call to you on October 10, 1991, notifying you that this written request would be forthcoming.

93040924991

Mr. James B. Smith, Jr.
December 3, 1991
Page Two

Accordingly, please be advised that IAM representatives will, in the next few days, be notifying their corporate counterparts at all GE locations of GE's obligation to provide the IAM with checkoff. I will appreciate your cooperation in assuring that all GE locations comply with the law at the earliest possible moment.

Thank you, in advance, for your assistance.

With best wishes, I remain,

Sincerely yours,

George J. Poulin

George J. Poulin
General Vice President

GJP/sep

bcc: G. Kourpias, IP
A. Beck, GC
R. Newell, RD
R. Michalski, Leg.

ATTACHMENT C-1

District No. 10

International Association of Machinists and Aerospace Workers

624 North 24th Street
Milwaukee, Wisconsin 53233

933-5720
FAX: 933-5725

RICHARD A. PRESSER
DIRECTOR
THOMAS N. LESCH
ASSISTANT DIRECTOR
BUSINESS REPRESENTATIVES
DANIEL L. BIGALKE
PAUL R. BLASHKA
JOSEPH DEVELICE
JERROLD L. HEIDENREICH
PATRICK T. HERALD
GENE A. HOOSER
GEORGE R. URBAN

January 22, 1992

[illegible] 1992

Mr. Donald D. Ritt
Manager, Employee & Community Relations
General Electric Company
Dishwasher & Disposal Division
2205 South 43rd Street
P.O. Box 404
Milwaukee, Wisconsin 53201

Dear Mr. Ritt:

The International Association of Machinists and Aerospace Workers, AFL-CIO, represents employees working for General Electric Company, Dishwasher & Disposal Division (Hotpoint) in the Greater Milwaukee area. We have been advised that a GE affiliate, Kidder, Peabody Group, Inc. (Kidder Peabody) facilitates voluntary contributions to its political action committee through a system of employee payroll deductions or checkoff. GE is obligated by law to make available to the I.A.M.A.W. at Hotpoint, as well as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b(b)(6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

We, therefore, will appreciate your contacting me at your earliest convenience to discuss the immediate implementation

Mr. Donald D. Ritt
General Electric Company
Dishwasher & Disposal Division

January 22, 1992

of a payroll deduction system for facilitating voluntary contributions from IAM members at your GE location. Thank you for your assistance and cooperation.

Sincerely yours,

Jerrold L. Heidenreich

Jerrold L. Heidenreich
Business Representative

JLH/co
opeiu#9 afl-cio

cc: Poulin
Beck
Newell
Michalski
Mumford

ATTACHMENT C-2

District No. 10

International Association of Machinists and Aerospace Workers

624 North 24th Street
Milwaukee, Wisconsin 53233

933-5720
FAX: 933-5725

RICHARD A. PRESSER
DIRECTOR
THOMAS N. LESCH
ASSISTANT DIRECTOR
BUSINESS REPRESENTATIVES
DANIEL L. BIGALKE
PAUL R. BLASHKA
JOSEPH DEVELICE
JERROLD L. HEIDENREICH
PATRICK T. HERALD
GENE A. HOOSER
GEORGE R. URBAN

January 22, 1992

JAN 28 1992 A

Mr. Dick Roedel
Manager of Employee Relations
General Electric Medical Systems
Mail Code W725
3000 Grandview Boulevard
Waukesha, Wisconsin 53188

Dear Mr. Roedel:

The International Association of Machinists and Aerospace Workers, AFL-CIO, represents employees working for General Electric Medical Systems (GEMS) in the Greater Milwaukee area. We have been advised that a GE affiliate, Kidder, Peabody Group, Inc. (Kidder Peabody) facilitates voluntary contributions to its political action committee through a system of employee payroll deductions or checkoff. GE is obligated by law to make available to the I.A.M.A.W. at GEMS, as well as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b(b)(6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

We, therefore, will appreciate your contacting me at your earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating voluntary contributions from IAM members at your GE location. Thank you for your assistance and cooperation.

Sincerely yours,

Jerrold L. Heidenreich

Jerrold L. Heidenreich
Business Representative

JLH/co
opeiu#9 afl-cio

cc: Poulin
Beck
Newell
Michalski
Michalowski
Hackbarth

ATTACHMENT C-3

District No. 10
International Association of Machinists and Aerospace Workers
624 North 24th Street
Milwaukee, Wisconsin 53233
933-5720
FAX: 933-5725

RICHARD A. PRESSER
DIRECTOR
THOMAS N. LESCH
ASSISTANT DIRECTOR
BUSINESS REPRESENTATIVES
DANIEL L. BIGALKE
PAUL R. BLASHKA
JOSEPH DEVELICE
JERROLD L. HEIDENREICH
PATRICK T. HERALD
GENE A. HOOSER
GEORGE R. URBAN

January 22, 1992

Mr. Julius Rhodes
Area Relations Manager
North Central Region
Consumers Service Division
General Electric Company
1333 Butterfield Road, Suite 490
P.O. Box 1580
Downers Grove, Illinois 60515

JAN 2 3 1992 A

Dear Mr. Rhodes:

The International Association of Machinists and Aerospace Workers, AFL-CIO, represents employees working for General Electric Company, Consumers Service Division in the Greater Milwaukee area. We have been advised that a GE affiliate, Kidder, Peabody Group, Inc. (Kidder Peabody) facilitates voluntary contributions to its political action committee through a system of employee payroll deductions or checkoff. GE is obligated by law to make available to the I.A.M.A.W. at the Consumers Service Division, as well as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b(b)(6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

We, therefore, will appreciate your contacting me at your

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Mr. Julius Rhodes
Area Relations Manager
North Central Region
Consumers Service Division

January 22, 1992

earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating voluntary contributions from IAM members at your GE location . Thank you for your assistance and cooperation.

Sincerely yours,

Jerrold L. Heidenreich

Jerrold L. Heidenreich
Business Representative

JLH/co
opeiu#9 afl-cio

cc: Poulin
Beck
Newell
Michalski
Kent

ATTACHMENT C-4

FRI[illegible]SHIP LODGE N[illegible]70

INTERNATIONAL ASSOCIATION OF MACHINISTS & AEROSPACE WORKERS

FORT WAYNE, INDIANA

JAN 21 1992 J

January 13, 1992

Mr. William McShain, Manager
General Electric Company
1601 Broadway
Fort Wayne, IN 46802

Dear Mr. McShain:

The International Association of Machinists and Aerospace Workers, AFL-CIO Lodge No. 70 (the IAM) represents employees working for General Electric Company (GE) at Fort Wayne, Indiana. The IAM also represents employees at GE's affiliate, Kidder, Peabody Group, Inc. (Kidder Peabody). Since Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE, as well as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441B(b)(6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretation, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

93040925003

We, therefore, will appreciate your contacting the undersigned at your earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating valuntary contributions from IAM Members at your GE location. Thany you for your assistance and cooperation.

Sincerely,

F.C. Springer

F.C. Springer - Chairman
Local Lodge 70 I.A.M.

FCS:djm

cc: Poulin
Beck
Newell
Michalski

ATTACHMENT C-5

CLARENCE DAVIS, PRESIDENT

ROBERT PEKAR, SEC'Y. TREAS.

AFFILIATED WITH AFL-CIO
PHONE: 216/241-0290
FAX: 216/241-0295

2906 EUCLID AVENUE
CLEVELAND, OHIO 44115

International Association of Machinists
and Aerospace Workers
DISTRICT 54

December 19, 1991

Mr. Dale Lampman, Plant Manager
G. E. X-Ray Tube Target Plant
18683 South Miles Road
Warrensville Heights, Ohio 44128

Subject: **MNPL Check-Off**

Dear Mr. Lampman:

The International Association of Machinists and Aerospace Workers, AFL-CIO, (the "IAM") represents employees working for General Electric Company ("GE") at G. E. X-Ray Tube Target Plant, Warrensville Heights, Ohio. The IAM also represents employees at GE's affiliate, Kidder, Peabody Group Inc. ("Kidder Peabody"). Since Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE, as well as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b(b) (6) of the Federal Election Campaign Act, which requires any corporation including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

Mr. Dale Lampman

We, therefore, will appreciate your contacting the undersigned at your earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating voluntary contributions from IAM members at your GE location.

Thanking you for your assistance and cooperation, I am,

Sincerely,

Ron Connors
Business Representative
District 54, IAM & AW

RC:mjs

cc:C. Davis, D. President
J. Clark, S. Steward
G. Poulin, G. V. President, IAM
A. Beck, Gen. Counsel, IAM
R. Newell, Research Dir. IAM
R. Michalski, Dir. MNPL
file (2)

ATTACHMENT C-6

Tool and Die Makers Local Lodge 113

INTERNATIONAL ASSOCIATION of MACHINISTS and AEROSPACE WORKERS

Affiliated with AFL-CIO

6547 WEST NORTH AVENUE OAK PARK, ILLINOIS 60302 Phone: 383-3361

December 13, 1991

DEC 17 '91 R

Mr. Bob Aument,
Union Relations Representative
General Electric
Major Appliance Business Group
1540 South 54th Avenue
Cicero, Illinois 60650

Subject: - MNPL Checkoff

Dear Mr. Aument:

The International Association of Machinists and Aerospace Workers, AFL-CIO (the "IAM") represents the Tool Room employees working for General Electric Company ("GE") located in Cicero, Illinois. The IAM also represents employees at GE's affiliate, Kidder, Peabody Group Inc. ("Kidder Peabody"). Since Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE, as well as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b(b) (6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

- Continued -

Mr. Bob Aument,
Union Relations Representative
General Electric
Cicero, Illinois 60650

December 13, 1991

- Page Two -

We, therefore, will appreciate your contacting the undersigned at your earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating voluntary contributions from IAM members at your GE location. Thank you for your assistance and cooperation.

Sincerely,

Kenneth R. Ford

Kenneth R. Ford,
Business Representative

KRF/rp

cc - G. Poulin
A. Beck
R. Newell
R. Michalski
L. Powell

ATTACHMENT C-7

Local 794

International Association of Machinists and Aerospace Workers AFL-CIO, CLC
TRUAX Lodge No. 794 • 315 Pine S.E. Albuquerque, New Mexico 87106 (505) 242-9622

December 12, 1991

DEC 17 '91 R

Mr. M. T. Edicola, Manager
Employee & Community Relations
General Electric Company
336 Woodward Road, S. E.
Albuquerque, New Mexico 87102

Dear Sir: Re: MNPL Check-Off

The international Association of Machinists and Aerospace workers, AFL-CIO represents employees working for General Electric Company at Albuquerque Aircraft Engine Group. The IAM also represents employees at GE's affiliate, Kidder, Peabody Group Inc. Since Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE, as well as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b (b)(6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporation.

93040925012

We, therefore, will appreciate your contacting the undersigned at your earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating voluntary contributions from IAM members at your GE location. Thank you for your assistance and cooperation.

Sincerely yours,

David T. Thibeau
President/Directing
Business Representative
Local Lodge 794

DTT/lgc

cc: Ostro
Poulin
Beck
Newell
Michalski

ATTACHMENT C-8

9 3 0 4 0 9 2 5 0 1 4

Progressive Lodge No. 1000
International Association of Machinists
and Aerospace Workers

2011 BEICH ROAD
BLOOMINGTON, ILLINOIS 61701
(309) 828-3329

December 11, 1991

DEC 16'91 R.

Ms. Marilyn Rebmann
Manager Human Resources
General Electric Company
P.O. Box 2913
Bloomington, IL 61702

Subject: MNPL Check-off

Dear Ms. Rebmann:

The International Association of Machinists and Aerospace Workers, AFL-CIO Lodge 1000 represents employees working for General Electric Company at Bloomington, IL. The IAM also represents employees at GE's affiliate, Kidder, Peabody Group Inc. ("Kidder Peabody"). Since Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE, as will as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b (b) (6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

We, therefore, will appreciate your contacting the undersigned at your earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating voluntary contributions from IAM members at you GE location.

Thank you for your assistance and cooperation.

Sincerely,

Coleman H. Smith

Coleman H. Smith
Business Representative
Machinists Lodge 1000, IAM & AW

CHS:jam
cc: George J. Poulin, GVP
Allison Beck, Legal Department
Reggie Newell, Research Department
Richard Michalski, M.N.P.L. Director
Michael Hinthorn, Chr. Shop Committee

ATTACHMENT C-9

[redacted]istrict Lodge No. [redacted]
International Association of Machinists and Aerospace Workers

Affiliated with the AFL-CIO

38 N. ALBEMARLE ST. **YORK, PA 17403**

TELEPHONE (717) 848-1262 or 845-6657
FAX # (717) 843-2905

December 10, 1991

Subject: MNPL Check-Off

Mr. Robert Steffeck
Manager
General Electric Service Center
York City Industrial Park
1600 Penna. Ave.
York, Penna. 17404

DEC 12'91 R

Dear Mr. Steffeck:

The International Association of Machinists and Aerospace Workers, AFL-CIO (the "IAM") represents employees working for General Electric Company ("GE") at 1600 Penna. Avenue, York PA, 17404. The IAM also represents employees at GE's affiliate, Kidder, Peabody Group Inc. ("Kidder Peabody"). Since Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE, as well as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b(b)(6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

93040925018

We, therefore, will appreciate your contacting the undersigned at your earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating voluntary contributions from IAM members at your GE location. Thank you for your assistance and cooperation.

Sincerely yours,

Lawrence E. Woolley

Lawrence E. Woolley
Business Director
District 98 - IAMAW

LEW/lbs

cc: G. Poulin, GVP
A. Beck, Gen. Council
R. Newell, Research Dept.
R. Michalski, MNPL Dir.

ATTACHMENT C-10

DISTRICT LODGE No 102
INTERNATIONAL ASSOCIATION OF MACHINISTS
and AEROSPACE WORKERS
105 SIXTEENTH AVENUE, EAST MOLINE, ILLINOIS 61244-2099
Area Code 309
755-5001

December 9, 1991

Subject: MNPL Check-Off

Robert Thomas, Director of Human Resources
General Electric Company
West Wall Street
Morrison, IL 61270

DEC 13'91 R

Dear Mr. Thomas:

The International Association of Machinists and Aerospace Workers, AFL-CIO (the "IAM") represents employees working for General Electric Company ("GE") at Morrison, Illinois. The IAM also represents employees at GE's affiliate, Kidder Peabody Group, Inc. ("Kidder Peabody"). Since Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE, as well as any other affiliated corporation, the same mehtod of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b(b)(6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employee of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

We, therefore, will appreciate your contacting the undersigned at your earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating voluntary contributions from IAM members at your location.

Sincerely yours,

Thomas D. Stockton

Thomas D. Stockton
Business Representative

TDS:la
iam1659aflcio

cc: Poulin
Beck
Newell
Michalski
Schipper

93040925021

ATTACHMENT C-11

INTERNATIONAL ASSOCIATION OF MACHINISTS and AEROSPACE WORKERS

SOUTH TEXAS DISTRICT LODGE NO. 37 AFL-CIO

6640 LONG POINT ROAD, SUITE D
HOUSTON, TEXAS 77055

PHONE (713) 681-6786

December 6, 1991

FOUNDED MAY 5, 1888

Ms. Kim E. Khoury
Manager, Employee Relations
General Electric Company
Houston Apparatus Shop
8800 Wallisville Road
Houston, TX 77029

DEC 9 1991 J

RE: MNPL Check-Off

Dear Ms. Khoury:

The International Association of Machinists and Aerospace Workers, AFL-CIO (The "IAM") represents employees working for General Electric Company ("GE") at the Houston Apparatus Shop, 8800 Wallisville Road. The IAM also represents employees at GE's affiliate, Kidder, Peabody Group Inc. ("Kidder Peabody"). Since Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE, as well as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b(b)(6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting of facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the solicitation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

We, therefore, will appreciate your contacting the undersigned at your earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating voluntary contributions from IAM members at your GE location. Thank you for your assistance and cooperation.

Sincerely Yours,

Sherman Bolden
Business Representative

c: Poulin
Beck
Newell
Michalski
Dartey

ATTACHMENT C-12

LOCAL LODGE 568
1740 SOUTH MAIN STREET
SALT LAKE CITY, UTAH 84115
TELEPHONE (801) 484-4469

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

DECEMBER 5,1991

MR.AL EVANS
MANAGER
GENERAL ELECTRIC CO.
130 E.1100 N.
NORTH SALT LAKE,UTAH 84054

DEC

SUBJECT:M.N.P.L.

DEAR SIR,

THE IAM & AW LOCAL LODGE 568 REPRESENTS THE EMPLOYEES AT YOUR NORTH SALT LAKE APPERATUS SERVICE CENTER.THE IAM & AW ALSO REPRESENTS EMPLOYEES AT GENERAL ELECTRIC"S AFFILIATE KIDDER,PEABODY GROUP INC.

SINCE KIDDER PEABODY FACILITATES VOLUNTARY CONTRIBUTIONS TO ITS POLITICAL ACTION COMMITTEE THROUGH A SYSTEM OF PAYROLL DEDUCTION,OR CHECK-OFF,G.E. IS OBLIGATED TO MAKE THIS AVAILABLE TO THE IAM & AW NOT ONLY AT G.E. BUT AT ANY AFFILIATED COMPANY BY THE SAME METHOD.

THIS OBLIGATION IS SET FORTH IN SECTION 441 b (b) (6) OF THE FEDERAL ELECTION CAMPAIGN ACT WHICH REQUIRES ANY CORPORATION,ITS SUBSIDIARIES,BRANCHES,DIVISIONS,AND AFFILIATES TO MAKE THIS VOLUNTARY METHOD AVAILABLE TO A LABOR ORGANIZATION REPRESENTING ANY MEMBERS WORKING FOR THAT CORPORATION.

ACCORDINGLY,A CORPORATION IS OBLIGATED TO MAKE THE SOLICITATION AVAILABLE TO A LABOR ORGANIZATION THAT REPRESENTS MEMBERS WHO ARE EMPLOYEES OF THE G.E. GROUP OF AFFILIATED CORPORATIONS.

WE WOULD APPRECIATE YOUR COOPERATION IN CONTACTING MY OFFICE AT YOUR EARLIEST CONVENIENCE TO DISCUSS THE IMMEDIATE IMPLEMENTATION OF A PAYROLL DEDUCTION SYSTEM FOR VOLUNTARY CONTRIBUTIONS FROM IAM & AW MEMBERS AT YOUR G.E. FACILITY.

THANK YOU,

MIKE WARDLE
BUSINESS REPRESENTATIVE
IAM & AW
LOCAL LODGE 568

cc:GEORGE POULIN G.V.P.
ALLISON BECK
REGGIE NEWELL

ATTACHMENT C-13

justice on the job

International Association *of* Machinists and Aerospace Workers

DISTRICT LODGE No. 157

1008 CORNELIA STREET • UTICA, NEW YORK 13502 • PHONE 315/733-7594

service in the community

December 4, 1991

Mr. Stu Neslin
Manager - Hourly/N-E Relations
General Electric Company
A.E.S.D. -- French Road MD101
Utica, New York 13503

Dear Stu,

The International Association of Machinists and Aerospace Workers, AFL-CIO (the "IAM") represents employees working for General Electric Company, ("GE") at the Aerospace Operations Division in Utica, New York. The IAM also represents employees at G.E.'s affiliate, Kidder, Peabody Group Inc. ("Kidder Peabody"). Since Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE, as well as any other affiliated corporation, the same method of soliciting voluntary contributions.

This statutory obligation is set forth in Section 441b(b)(6) of the Federal Election Campaign Act, which requires any corporation, including its subsidiaries, branches, divisions, and affiliates to make its method of soliciting or facilitating voluntary contributions available to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates at a cost sufficient only to reimburse the corporation for the expenses incurred.

Accordingly, under established Federal Election Commission interpretations, a corporation is obligated to make the soliciation method available to a labor organization that represents members who are employees of any entity within a group of affiliated corporations. Moreover, whether GE solicits its own employees is irrelevant to its statutory obligation to provide the IAM with the solicitation method utilized by another entity, Kidder Peabody, within the GE group of affiliated corporations.

We, therefore, will appreciate your contacting the undersigned at your earliest convenience to discuss the immediate implementation of a payroll deduction system for facilitating voluntary contributions from the IAM members at your GE location. Thank you for your assistance and cooperation.

Sincerely yours,

Nicholas R. Rabice
Business Representative
District 157 I.A.M.A.W.

cc: Poulin
Beck
Newell
Michalski
Roy

ATTACHMENT D

Industrial Relations
General Electric Company
3135 Easton Turnpike, Fairfield CT 06431

January 13, 1992

George J. Poulin
General Vice President
International Association of Machinists
and Aerospace Workers
1281 East Main Street
Stamford, CT 06902'

Dear Mr. Poulin:

This letter concerns the recent requests of various GE-IAM Locals for payroll deductions for the IAM political action committee. Confirming our discussions, these Locals will be advised that neither the General Electric Company nor any of its subsidiaries or affiliates utilizes a system of employee payroll deductions to facilitate contributions to an employer political action committee. Consequently, consistent with the provisions of the Federal Election Campaign Act, GE will not make a system of employee payroll deductions or checkoffs available to the Local for the IAM political action committee.

In your recent letter to me on this matter, you stated your understanding that "the International Association of Machinists and Aerospace Workers, AFL-CIO (the "IAM") represents employees working for General Electric Company ("GE") at its various locations, as well as for GE's affiliate, Kidder, Peabody Group Inc. ("Kidder Peabody") and that, "[S]ince Kidder Peabody facilitates voluntary contributions to its political action committee through a system of employee payroll deduction or checkoff, GE is obligated by law to make available to the IAM at GE and all its affiliated corporations the same method of soliciting voluntary contributions." While we have been unable to verify any IAM representation at Kidder Peabody, we confirmed that Kidder Peabody did have a payroll deduction option for their political action committee. Because such a payroll deduction was contrary to GE practices, that Kidder Peabody payroll deduction option was discontinued.

I am, therefore, not aware of any GE subsidiaries, branches, divisions or affiliates which now use a method of payroll deductions for any employer political action committee or which used such a payroll deduction method when the various IAM Locals made their request. Consequently, it is my understanding that the provisions of the Federal Election Campaign Act which require making a payroll deduction or checkoff available to a labor organization for its political action committee are inapplicable.

Best regards for the New Year,

James B. Smith, Jr.

JB Smith, Jr.

t

93040925031

FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

March 19, 1992

Allison Beck
General Counsel
International Association of Machinists and
Aerospace Workers, AFL-CIO
Machinists Building
1300 Connecticut Avenue
Washington, DC 20036-1703

RE: MUR 3486

Dear Ms. Beck:

This letter acknowledges receipt on March 17, 1992, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), by General Electric Company and Kidder, Peabody Group Inc. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 3486. Please refer to this number in all future correspondence. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Teresa A. Hennessy

Teresa Hennessy
Assistant General Counsel

Enclosure
Procedures

93040925032

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 19, 1992

John F. Welch, Jr., Chairman
General Electric Company
3135 Easton Turnpike
Fairfield, CT 06431

RE: MUR 3486

Dear Mr. Welch:

The Federal Election Commission received a complaint which alleges that the General Electric Company ("Company") may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3486. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Company in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain 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 matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 219-3690. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Teresa A. Hennessy

Teresa Hennessy
Assistant General Counsel

Enclosures
1. Complaint
2. Procedures
3. Designation of Counsel Statement

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 19, 1992

Michael Carpenter, Chairman
Kidder, Peabody Group Inc.
10 Hanover Square
New York, NY 10005

RE: MUR 3486

Dear Mr. Carpenter:

The Federal Election Commission received a complaint which alleges that Kidder, Peabody Group Inc. ("Group") may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3486. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Group in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain 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 matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 219-3690. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Teresa A. Hennessy

Teresa Hennessy
Assistant General Counsel

Enclosures
1. Complaint
2. Procedures
3. Designation of Counsel Statement

MAR 31 '92 16:42 GE CORP. LEGAL P.2/2

E. Scott Gilbert
Counsel-Litigation and Legal Policy

General Electric Company
3135 Easton Turnpike, Fairfield, CT 06431
203 373-2592

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 MAR 31 PM 4:35

March 31, 1992

Via Fax

Mary Ann Bumgarner, Esq.
Federal Election Commission
Washington, D.C. 20463

Re: MUR 3486

Dear Ms. Bumgarner:

I am writing to confirm my request for some additional time in which to respond to the above-referenced complaint, which was received by the General Electric Company on March 23, 1992. The matter has been referred to me.

As I mentioned in our telephone conversation, I need some additional time to investigate the claim and to prepare a response. I respectfully request that the Commission grant an adjournment until April 24, 1992, of the date by which the General Electric Company must respond to the complaint.

Thank you.

Very truly yours,

E. Scott Gilbert

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 1, 1992

E. Scott Gilbert, Esquire
Counsel - Litigation and Legal Policy
General Electric Company
3135 Easton Turnpike
Fairfield, CT 06431

RE: MUR 3486
General Electric Company

Dear Mr. Gilbert:

This is in response to your letter dated March 31, 1992, which we received on March 31, 1992, requesting an extension until April 24, 1992 to respond to the complaint in this matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on April 24, 1992.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Mary Ann Bumgarner

Mary Ann Bumgarner
Attorney

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

APR 14 2 44 PM '92

Kidder, Peabody & Co.
Incorporated
10 HANOVER SQUARE
NEW YORK, NY 10005

H. Lake Wise
SENIOR VICE PRESIDENT
DEPUTY GENERAL COUNSEL

(212) 510-4898

April 6, 1992

Mary Ann Bumgarner, Esq.,
Federal Election Commission,
Washington, D.C. 20463.

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

92 APR 15 AM 9:08

Re: MUR 3486

Dear Ms. Bumgarner:

This is in reply to Ms. Teresa Hennessy's letter dated March 19, 1992, to Michael A. Carpenter of Kidder, Peabody Group Inc.

The first sentence of that letter states that the Commission "received a complaint which alleges that Kidder, Peabody Group Inc. ('Group') may have violated the Federal Election Campaign Act of 1971." The complaint, however, does not make any such allegation. I understand from Helen Platt of our firm that you advised her that there is no allegation against Kidder, Peabody and explained that the letter to Mr. Carpenter was a form letter the language of which is unintentionally misleading as applied to Kidder, Peabody. Accordingly there is no reason for Kidder, Peabody to reply to any allegation.

Could you please confirm to us in writing that there is in fact no allegation of any violation of the federal election laws by Kidder, Peabody?

If you need to communicate further with our firm regarding this matter, please contact me.

Very truly yours,

H Lake Wise

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 21, 1992

H. Lake Wise, Esquire
Kidder, Peabody & Co., Inc.
10 Hanover Square
New York, NY 10005

RE: MUR 3486
Kidder, Peabody & Co., Inc.

Dear Mr. Wise:

This is in response to your letter dated April 15, 1992, which we received on April 17, 1992, requesting an extension until May 1, 1992 to respond to the complaint in this matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on May 1, 1992.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Mary Ann Bumgarner

Mary Ann Bumgarner
Attorney

93040925040

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

APR 23 9 54 PM '92

Corporate Legal Staff
General Electric Company
3135 Easton Turnpike, Fairfield, CT 06431

92 APR 24 PM 4:28

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

April 23, 1992

VIA OVERNIGHT MAIL

Lawrence M. Noble
General Counsel
Federal Election Commission
999 E. Street, N.E.
Washington, D.C. 20463

Re: *MUR 3486*

Dear Mr. Noble:

This letter will serve as the written response of the General Electric Company ("GE") to the complaint filed by the International Association of Machinists and Aerospace Workers, AFL-CIO ("the Union" or "IAM") in the above-referenced case. In its complaint, the Union alleges that GE violated Section 316(b)(6) of the Federal Election Campaign Act ("the Act"), 2 U.S.C. § 441b(b)(6), by refusing to make available to the Union a method of soliciting voluntary Political Action Committee ("PAC") contributions like that allegedly utilized by Kidder, Peabody & Co., Inc. ("Kidder, Peabody"). As will be demonstrated below, the Union's complaint, as it pertains to prior Kidder, Peabody practice, is entirely lacking in merit and should, therefore, be immediately dismissed.

FACTUAL BACKGROUND

The salient facts are essentially undisputed. Kidder, Peabody is a subsidiary of GE's financial component, General Electric Financial Services. At no time has Kidder, Peabody had a bargaining relationship with the Union; nor does Kidder, Peabody maintain a bargaining relationship with any other labor organization. (Bowie Aff. ¶ 2). Many GE employees are represented by various Locals of the Union.

Kidder, Peabody sponsors a PAC known as KidderPAC, a bipartisan political fund operated by a six member Board. Beginning in 1987, Kidder, Peabody made available to its Managing Directors, Senior Vice Presidents and Vice Presidents a

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check-off system pursuant to which voluntarily contributions could be made to KidderPAC by way of a payroll deduction. (Bowie Aff. ¶ 3). This check-off system was discontinued as of October 15, 1991. (Bowie Aff. ¶ 4).

On or about October 10, 1991, the Union's General Vice President, George T. Poulin, contacted James B. Smith, a former GE Manager of Local Contract Operations, by telephone and indicated that the Union would be making a written request that GE make available to the Union the same payroll check-off system utilized by Kidder, Peabody, so as to allow Union members to make voluntary contributions to the Union's PAC. Smith advised Poulin that he was unaware of whether or not such a payroll check-off system existed at Kidder, Peabody and further stated that he would look into the matter. (Complaint ¶ 4). Smith also reminded Poulin that under the parties collective bargaining agreements with various IAM Locals, issues of this type were properly addressed on a local, rather than a national, level, i.e. the Union's request for check-off would have to be made by its Locals to local management because there is no national collective bargaining agreement between GE and the IAM. Approximately a week later, Smith called Poulin back and advised him that, apart from questions as to the validity of the IAM interpretation of the Federal Election Campaign Act, Kidder, Peabody had eliminated its payroll deduction program to conform to GE practice. (Complaint ¶ 4).[1]

Nonetheless, some two months later, on December 3, 1991, Poulin wrote to Smith and advised him that a demand by IAM Locals representing GE employees for a PAC check-off was forthcoming based upon the Kidder, Peabody practice. (Complaint ¶ 5 & Attachment B thereto). Such requests were in fact made, based upon the alleged Kidder, Peabody practice, during the months of December, 1991 and January 1992, by the various IAM Locals that represent GE employees. (Complaint ¶ 6 & Attachments C1 - C13 thereto). Smith responded to Poulin by way of a letter dated January 13, 1992, in which he reiterated that Kidder, Peabody's voluntary contribution mechanism had been discontinued prior to the time the Locals made their written demands for a similar check-off system. Smith also informed Poulin that the Locals' requests were being denied by the respective local management. (Complaint ¶ 7 & Attachment D thereto). On March 17, 1992, the Union filed the present complaint.

---

[1]The Union's complaint does not contain a complete description of the conversations between Smith and Poulin. As will be demonstrated below, the facts as stated in the Union's complaint, and supplemented by the Affidavit of Granville Bowie, are sufficient to resolve the legal issues presented in this case. However, if the Commission would like to receive an affidavit from Smith that would fill in some of the details left out in the Union's complaint, one can be provided.

STATUTE AND REGULATIONS

The source of the Union's claimed entitlement lies in Section 316(b)(6) of the Federal Election Campaign Act, which provides that:

> Any corporation, including its subsidiaries, branches, divisions and affiliates, that utilizes a method of soliciting voluntary contributions or facilitating the making of voluntary contributions, shall make available such method, on written request and at a cost sufficient only to reimburse the corporation for the expenses incurred thereby, to a labor organization representing any members working for such corporation, its subsidiaries, branches, divisions, and affiliates. 2 U.S.C. § 441b(b)(6).

The Commission's regulations interpreting Section 316(b)(6) provide that:

> Any corporation, including its subsidiaries, branches, divisions and affiliates that uses a method of soliciting voluntary contributions or facilitating the making of voluntary contributions from its stockholders or executive or administrative personnel and their families, shall make that method available to a labor organization representing any members working for the corporation, its subsidiaries, branches, divisions and affiliates for soliciting voluntary contributions or facilitating the making of voluntary contributions from its members and their families. Such method shall be made available on the written request of the labor organization and at a cost sufficient only to reimburse the corporation for the expenses incurred thereby. 11 C.F.R. § 114.5(k).

With regard to payroll check-off system's in particular, the Commission's regulations provide as follows:

> If a corporation, including its subsidiaries, branches, divisions or affiliates utilizes a payroll deduction plan, check-off system, or other plan which deducts contributions from the dividend or payroll checks of stockholders or executive or administrative personnel, the corporation shall upon written request of the labor organization, make that method available to members of the labor organization working for the corporation, its

> subsidiaries, branches, divisions, or affiliates, who wish to contribute to the separate segregated fund of the labor organization representing any members working for the corporation, or any of its subsidiaries, branches, divisions, or affiliates. The corporation shall make the payroll deduction plan available to the labor organization at a cost sufficient only to reimburse the corporation for the actual expenses incurred thereby. 11 C.F.R. § 114.5(k)(1).

LEGAL ARGUMENT

The Union apparently contends that Kidder, Peabody eliminated its check-off system so as to allow GE to evade its obligations under the Act. According to the Union, the fact that Kidder, Peabody was utilizing a check-off system at the time the Union mentioned that it intended to request a similar method for soliciting voluntary contributions to the Union's PAC is sufficient to create an obligation on GE's part to accede to the Union's subsequent formal request. But, the statute and regulations only require a corporation that utilizes a voluntary contribution method to make this method available to a labor organization representing its employees upon receiving written request for such mutual availability. Even assuming, arguendo, that the Act requires GE to accede to IAM requests based upon a Kidder, Peabody practice, here, Kidder, Peabody eliminated its check-off system months before the Union or the Locals made any written request to GE. Were the Union's informal, oral discussion sufficient to create an obligation on GE's part to provide a payroll check-off to the Locals, then the "written request" requirement of the statute and regulations would prove meaningless.

Moreover, the Union's argument is based on the false assumption that the Act imposes a penalty on a corporation whenever it has utilized a payroll deduction plan at any point in time. To the contrary, the enactment was designed to ensure equal treatment of labor unions and corporations. See Int'l. Assoc. of Machinists v. Federal Election Commission, 678 F.2d 1092, 1100-1103 (D.C. Cir. 1982) (en banc) (relying extensively on legislative history, Court rejected Union's constitutional challenge to the Act's provisions regulating solicitation practices of corporations and labor organizations). A labor organization is therefore entitled to be provided the same voluntary contribution method that the corporation offers to its executives, stockholders and administrative personnel. But, a corporation may choose to discontinue its voluntary contribution method, instead of making that same method available to a labor union representing certain of its employees, without running afoul of the Act. This is made crystal clear by the present tense language of Section 316(b)(6), which provides that "Any corporation . . . that utilizes a method . . ." The Union's contention that the statute provides for mutual availability of voluntary contribution devices whenever the corporation has "utilized" such a device is at odds with the plain language of the statute.

The Union's argument also directly contradicts the Commission's regulations interpreting Section 316(b)(6). These regulations provide that:

> If a corporation uses no method to solicit voluntary contributions or to facilitate the making of voluntary contributions from stockholders or executives or administrative personnel, it is not required by law to make any method available to the labor organization for its members. 11 C.F.R. § 114.5(k)(4).

At the present time, neither GE nor Kidder, Peabody utilizes a method for soliciting voluntary PAC contributions from stockholders, executives, or administrative personnel. According to the statute and the regulations then, GE has no obligation to make such a method available to the Union based upon IAM claims regarding prior Kidder, Peabody practice.

In addition, it should be noted that even if Kidder, Peabody had not discontinued its check-off system, GE would still not be required to make available to the Union a similar method for facilitating voluntary PAC contributions. Admittedly, Section 316(b)(6) and the Commission's regulations are susceptible to two possible interpretations. These provisions can be read as requiring only the subsidiary, division, affiliate or branch of a corporation that actually utilizes a method for facilitating voluntary PAC contributions to make this same method available to unions representing its employees. Or, as the Union contends, Section 316(b)(6) could be interpreted to mean that the use of a check-off system by any component of a corporation, whether that component is union represented or not, triggers a company-wide obligation to make this same system available to any labor organization that represents any employees within the corporate family. When one considers the fundamental purpose of the Act, it becomes evident that the Union offers an overly expansive reading of the statute.

The Federal Election Campaign Act is the product of a major undertaking by Congress to reform the federal election laws. <u>Int'l. Assoc. of Machinists</u>, <u>supra</u>, 678 F.2d at 1100. As noted above, a principal objective of the Act was to ensure that labor unions and corporations received even-handed treatment. <u>Id.</u>, at 1100-1103. Section 316(b)(6) is one of the amendments embodying this legislative purpose. It would seem most peculiar that with this purpose in mind Congress fashioned a provision which, as the Union suggests, requires a corporation to provide a method for soliciting PAC contributions to a labor organization representing certain of its employees that the corporation does not utilize itself.

The Commission has held that a subsidiary is required to provide a labor organization representing its employees with the same method for facilitating PAC contributions as is utilized by the subsidiary's parent corporation, even if the subsidiary does not itself make any such method available to its officers and shareholders. See MUR 994/947; AO 1982-45; MUR 2024 (Conciliation Agreement). But, it surely does not follow that a parent corporation must provide its unions with a check-off system offered by one of its non-union subsidiaries. Indeed, the statute does not lend itself to such a broad interpretation. The statute and the regulations speak in terms of providing "such method" employed by the corporation for facilitating voluntary PAC contributions to unions representing employees within the corporate family. GE does not offer any "such method" at all. Section 316(b)(6) certainly does not require GE to create "such method" for use by the Union based solely on the fact that a non-union subsidiary, making up only a minuscule percentage of GE's work force, has in the past utilized some "such method" for facilitating voluntary PAC contributions.

A fair reading of the statute is that only the particular subsidiary, branch, division or affiliate that utilizes a method of soliciting voluntary contributions is required to make that same method available to unions representing its employees. Such an interpretation would be consistent with Congress' equal treatment objective. Thus, even if Kidder, Peabody had not eliminated its PAC check-off, GE would still not be required to make a similar voluntary contribution method available to the Union. Nonetheless, the fact of the matter is that Kidder, Peabody discontinued its check-off system.

For the foregoing reasons, it is respectfully requested that the Commission dismiss this action in its entirety, with prejudice, and discontinue its investigation. If you have any further questions, or need any additional information, please don't hesitate to contact me.

Respectfully submitted,

Lawrence Peikes

LP\mb

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3486

NAME OF COUNSEL: Lawrence Peikes

ADDRESS: General Electric Company
3135 Easton Turnpike, W3B
Fairfield, CT 06431

TELEPHONE: (203) 373-2303

92 APR 24 PM 4:28

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

April 23, 1992
Date

Lawrence Peikes (on behalf of G.E.)
Signature

RESPONDENT'S NAME: General Electric Company

ADDRESS: 3135 Easton Turnpike
Fairfield, CT 06431

HOME PHONE:

BUSINESS PHONE:

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AFFIDAVIT OF GRANVILLE BOWIE

I, Granville Bowie, being duly sworn, depose and say:

1. I am currently employed by Kidder, Peabody & Co., Inc., ("Kidder, Peabody") as the Managing Director of Human Resources. I have held this position since June, 1988. In this capacity, I am in charge of human resources for Kidder, Peabody. I am responsible for all of the Company's employment practices including compensation, training, employee development, employee benefits, hiring, and the establishment of employment policies. I submit this affidavit in support of the General Electric Company's request to dismiss the complaint filed against it by the International Association of Machinists and Aerospace Workers, AFL-CIO ("IAM"), in the case identified by the Federal Election Commission as MUR 3486.

2. Kidder, Peabody is a subsidiary of General Electric Financial Services. At no time during the course of my employment with Kidder, Peabody has the Company had a bargaining relationship with the IAM, or any other labor organization.

3. Kidder, Peabody sponsors a political action committee know as KidderPAC. KidderPAC is a bipartisan political fund established by Kidder, Peabody and organized by its employees to provide financial assistance to candidates for federal and state office who are sympathetic to Kidder, Peabody's public policy goals. In 1987, Kidder, Peabody made available to its highest level executives, namely managing directors, senior vice presidents, and vice presidents, a check-off system, pursuant to which contributions could be made by these executives to KidderPAC by way of a payroll deduction. Participation in the payroll deduction system was entirely voluntary. Those wishing to contribute to KidderPAC could make either a lump sum contribution or authorize payroll deduction by filling out the KidderPAC Enrollment Card.

4. At my direction, the payroll deduction method of contributing to KidderPAC was discontinued on October 15, 1991. This check-off system has not been reintroduced at Kidder, Peabody and there are no plans to make such a method of facilitating voluntary contributions to KidderPAC available again.

Granville Bowie

Subscribed and sworn to
before me this 22nd day
of April, 1992

EVA-MARIA WILSON
NOTARY PUBLIC

Eva-Maria Wilson
Notary Public
My Commission Expires: 11-30-1996

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Kidder, Peabody & Co.
Incorporated
10 HANOVER SQUARE
NEW YORK, NY 10005

H. Lake Wise
SENIOR VICE PRESIDENT
DEPUTY GENERAL COUNSEL

(212) 510-4898

April 29, 1992

Mary Ann Bumgarner, Esq.,
Federal Election Commission,
Washington, D.C. 20463.

Re: MUR 3486

Dear Ms. Bumgarner:

During our telephone conversation of today, I advised you that one of the Kidder personnel with whom I need to discuss this matter is on vacation and unavailable, and I therefore requested that Kidder, Peabody's time to file its supplemental response be further extended to May 15, 1992. You said that you did not think this would be a problem.

Please advise me immediately if there is any problem with Kidder, Peabody's filing its supplemental answer by May 15.

Respectfully,

HLW:md

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 5, 1992

H. Lake Wise, Esquire
Kidder, Peabody & Co., Inc.
10 Hanover Square
New York, NY 10005

RE: MUR 3486
Kidder, Peabody & Co., Inc.

Dear Mr. Wise:

This is in response to your letter dated April 29, 1992, which we received on May 4, 1992, requesting an extension until May 15, 1992 to respond to the complaint in this matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on May 15, 1992.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Mary Ann Bumgarner

Mary Ann Bumgarner
Attorney

9304092505 1

Kidder, Peabody & Co.
Incorporated
10 HANOVER SQUARE
NEW YORK, NY 10005

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM
MAY 18 12 15 PM '92

H. Lake Wise
SENIOR VICE PRESIDENT
DEPUTY GENERAL COUNSEL

(212) 510-4898

92 MAY 18 PM 3:37

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

May 15, 1992

Mary Ann Bumgarner, Esq.,
Federal Election Commission,
Washington, D.C. 20463

Re: **MUR 3486**

Dear Ms. Bumgarner:

This letter is a supplemental response of Kidder, Peabody Group Inc. to the complaint of the International Association of Machinists and Aerospace Workers ("IAM") filed in this matter.

As we have noted earlier, the IAM complaint does not allege or even imply any violation of law or Commission regulations by Kidder, Peabody. Accordingly, there is no basis for the Commission to take any action with respect to Kidder, Peabody in this proceeding. Indeed, not only is Kidder, Peabody not on notice of any allegation against it, but the firm has been advised by counsel for the Commission that its reading of the IAM complaint is correct in this regard.

Notwithstanding the preceding, you requested that Kidder, Peabody provide a supplemental statement of relevant facts to the Commission.

Kidder, Peabody is one of the oldest securities firms in the United States, having been founded in 1865. The firm became a corporation in 1964, with the stock of the corporation being owned exclusively by officers of the firm. Kidder, Peabody & Co. Incorporated and, later, the holding company Kidder, Peabody Group Inc., created in 1986, continued as an employee-owned private corporation until later in 1986, when a subsidiary of the General Electric Company purchased 80 percent of the stock of Kidder, Peabody Group. Subsequently, in 1990, the remaining 20 percent was similarly acquired.

Notwithstanding the acquisition of its shares by a GE company, Kidder, Peabody remains a distinct entity with its own management and board of directors.

A federal political action committee (PAC) for Kidder, Peabody officers of the rank of Vice President and above was established in 1987. Its funding and management are separate from that of any PAC for GE employees.

For a time, Kidder, Peabody officers were permitted to make an affirmative election to have regular contributions to the Kidder PAC, in amounts specified by the employees, paid by payroll deduction. A small number of officers elected to do this. This option was eliminated in October 1991.

The IAM does not and never has represented any employee of Kidder, Peabody.

Respectfully,

SENSITIVE

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

MUR: 3486
DATE COMPLAINT RECEIVED
BY OGC: 3/17/92
DATE OF NOTIFICATION TO
RESPONDENTS: 3/19/92
STAFF MEMBER: Mary Ann Bumgarner

COMPLAINANT:	The International Association of Machinists and Aerospace Workers, AFL-CIO
RESPONDENTS:	General Electric Company Kidder, Peabody Group Inc.
RELEVANT STATUTES:	2 U.S.C. § 441b(b)(6) 11 C.F.R. § 114.5(k)(1) and (4)
INTERNAL REPORTS CHECKED:	None
FEDERAL AGENCIES CHECKED:	None

I. GENERATION OF MATTER

The Commission received a complaint (Attachment 1) from the International Association of Machinists and Aerospace Workers, AFL-CIO (the "IAM"), a collective bargaining unit at the General Electric Company ("GE"). IAM alleged that GE had violated the Federal Election Campaign Act of 1971, as amended (the "Act"), by refusing to make available to the IAM the method of soliciting voluntary contributions utilized by the GE affiliate Kidder, Peabody Group Inc. ("Kidder, Peabody").[1]

1. According to the response from GE, Kidder, Peabody is a subsidiary of GE's financial component, General Electric

This Office notified GE and Kidder, Peabody of the complaint. Responses have been received from both respondents. Based on these responses and the complaint in this matter, this Office has concluded that there is insufficient evidence to recommend that the Commission find reason to believe that either GE or Kidder, Peabody violated any provision of the Act.

II. FACTUAL AND LEGAL ANALYSIS

A. The Law

Pursuant to 2 U.S.C. § 441b(b)(6) and 11 C.F.R. § 114.5(k), any corporation, including its subsidiaries, branches, divisions, and affiliates, that uses a method of soliciting or facilitating voluntary contributions from its stockholders or executive or administrative personnel and their families must make that contribution method available, on written request, to a labor organization representing members, and their families, working for the corporation. The Commission's regulations, at 11 C.F.R. § 114.5(k)(1), specifically address payroll deduction plans, providing that if a corporation, including its subsidiary, utilizes a payroll deduction plan, check-off system or other plan which deducts contributions from the payroll checks of executive or administrative personnel, the corporation shall, upon written request of the labor organization, make that method available to the members of the labor organization at a cost sufficient

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(Footnote 1 continued from previous page)
Financial Services.

only to reimburse the corporation for the actual expenses incurred thereby.

Pursuant to 11 C.F.R. § 114.5(k)(4), if the corporation uses no method to solicit voluntary contributions or to facilitate the making of voluntary contributions from stockholders or executive or administrative personnel, it is not required by law to make any such method available to the labor organization for its members.

B. <u>Complaint</u>

According to the complainant, IAM is the "persuasive collective bargaining representative for thousands of production and maintenance employees at GE." Complainant states that the IAM maintains a separate segregated fund, the Machinists Nonpartisan Political League ("MNPL"), that is utilized for political purposes in accordance with the Act.

Complainant states that the IAM learned in the early fall of 1991, that one of GE's affiliates, Kidder, Peabody, provided its employees with a system of payroll deduction to facilitate the making of voluntary contributions to its political action committee. Complainant states that on October 10, 1991, the IAM official with overall responsibility for coordinating the IAM's collective bargaining relations with GE, General Vice President George J. Poulin, telephoned his counterpart at GE's headquarters, Mr. James B. Smith.[2] Complainant asserts that Mr. Poulin told Mr. Smith that he was calling as a courtesy to

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2. According to the response from counsel for GE, Mr. Smith is a former GE manager of Local Contract Operations.

advise him that the IAM would be forwarding a written request to GE asking it to provide the IAM with a "political action check-off." According to complainant, the GE affiliate Kidder, Peabody provided the check-off system to its employees. Complainant states that Mr. Smith told Mr. Poulin that he was not aware that Kidder, Peabody had a check-off system, but he would look into it and call him back. Upon his return call, complainant states that Mr. Smith confirmed that Kidder, Peabody had the check-off system. However, complainant asserts that rather than providing the check-off system to the IAM, Mr. Smith stated that "GE would drop the deduction for Kidder, Peabody employees thereby solving the problem."

On December 3, 1991, Mr. Poulin sent a certified letter to Mr. Smith requesting GE make available to the IAM and its affiliated corporations the "same method of soliciting voluntary contributions that was being utilized by Kidder Peabody for its employees." Attachment 1 at 9-10. In the letter, Mr. Poulin stated that "IAM's statutory right to checkoff at GE cannot be defeated by any decision to eliminate Kidder Peabody's checkoff made as a result of my courtesy call to you on October 10, 1991, notifying you that a written request would be forthcoming." Attached to the complaint are other letters similar to Mr. Poulin's which were sent from IAM representatives assigned to service particular GE locations throughout the United States. See Attachment 1 at 12-47. In general, these letters request that GE provide employees represented by the IAM at their locations with "political action check-off."

Complainant states that on January 13, 1992, Mr. Smith responded in writing to Mr. Poulin's letter and denied the IAM's request for political action check-off at GE. Attachment 1 at 49. In that letter, Mr. Smith confirmed that Kidder, Peabody had previously used a payroll deduction option for their political action committee. However, he stated that because such a payroll deduction was contrary to GE practices, that option had been discontinued.

Based on the foregoing, complainant asserts that a method of voluntary contributions was in existence at "GE affiliated Kidder Peabody at the time GE was notified of the IAM's request." Therefore, complainant argues that GE was required to make the same method available to the IAM. Further, complainant alleges that GE should not be entitled to allow check-off for its affiliates only until "it is caught," at which time it can avoid its legal obligation by changing the practices of its affiliates. According to complainant, the Commission should not tolerate abusive practices.

C. <u>Responses</u>

1. <u>General Electric</u>

In its response to the complaint, counsel for GE argues that the allegations by complainant are "entirely lacking in merit and should, therefore, be immediately dismissed." Attachment 2. Counsel sets out in detail the events leading to the complaint in this matter. The recitation of the facts by counsel for GE does not differ significantly from the facts set out by complainant. Both complainant and respondent make reference to the initial telephone conversation between Mr. Smith and Mr. Poulin as well as the resulting correspondence. Therefore, these facts will not be set out in detail in this section. However counsel's arguments are discussed below.

First, counsel disagrees with complainant's statement that a method of soliciting voluntary contributions was in existence at Kidder, Peabody, a subsidiary of GE's financial component - General Electric Financial Services, at the time GE was notified of the IAM's request. Counsel does not believe that the telephone call by Mr. Poulin advising GE that it intended to request a method for soliciting voluntary contributions is sufficient to create an obligation on GE's part to accede to the IAM's subsequent formal request. Further, counsel argues that the Act and the Commission regulations require a corporation that utilizes a voluntary contribution method to make this method available to a labor organization representing its employees only upon receiving "written request" for such mutual availability. Therefore, counsel asserts that even assuming that the Act requires GE to accede to IAM's request based upon the practice of Kidder, Peabody, this practice was eliminated months before the IAM or the Locals made any "written request" to GE. Counsel argues that if the telephone conversation between Mr. Smith and Mr. Poulin is sufficient to create an obligation on GE's part to provide a payroll check-off to the Locals, then the '"written request" requirement of the Act and the regulations would prove meaningless.' Attachment 2 at 4.

Second, counsel argues that the Act does not impose a "penalty on a corporation whenever it has utilized a payroll deduction plan at any point in time." Counsel cites to the case, Int'l Assoc. of Machinists v. Federal Election Commission, 678 F.2d 1092, 1100-1103 (D.C. Cir. 1982), for the premise that the Act's provisions regulating solicitation practices of labor unions and corporations were designed to ensure equal treatment of unions and corporations. However, counsel contends that while a labor organization is entitled to be provided the same voluntary contribution method that the corporation offers to its executives, stockholders and administrative personnel, a corporation may choose to discontinue its voluntary contribution method instead of making the same method available to a labor union which represents its employees. Counsel argues that this can be done without running afoul of the Act and is made crystal clear by the present tense language of 11 C.F.R. § 114.5(k)(1). That provision states, in part, that if a corporation "utilizes" a check-off system for stockholder, executives or administrative personnel, the corporation shall upon written request of the labor union make available the same method. Thus, counsel argues to require GE to provide for "mutual availability of voluntary contribution devices whenever the corporation has "utilized" such a device is a odds with the plain language of the statute."

In addition, counsel states that such a requirement directly contradicts the Commission regulations at 11 C.F.R. § 114.5(k)(4). Pursuant to that section, if a corporation uses no method to solicit voluntary contributions, it is not required by law to make any method available to the labor organization for its members. Thus, counsel asserts that GE had no obligation to make such a method available to the IAM based upon its claims regarding the prior practice of Kidder, Peabody.

Third, counsel notes that even if Kidder, Peabody had not discontinued its check-off system, GE would still not be required to make available to the IAM a similar method for facilitating voluntary PAC contributions since it was the subsidiary, Kidder, Peabody, and not the parent corporation that provided the check-off. Counsel asserts that such an interpretation would be consistent with Congress' equal treatment objective for corporations and labor unions. Counsel states that keeping this objective in mind, it would seem rather peculiar that Congress "fashioned a provision which, as the Union suggests, requires a corporation to provide a method for soliciting PAC contributions to a labor organization representing certain of its employees that the corporation does not utilize itself."

Based on the foregoing, counsel asserts that a fair reading of the Act is that only the particular subsidiary, branch, division or affiliate that utilizes a method of soliciting voluntary contributions is required to make the same method available to unions representing its employees. Therefore, since GE did not provide a method of soliciting voluntary contributions, counsel argues the Act would surely not require GE to create a method for use by a Union based solely on the fact that a non-union subsidiary, making up only a miniscule percentage of GE's work force, has in the past utilized some method for facilitating voluntary PAC contributions. In any event, counsel re-emphasizes, Kidder, Peabody has eliminated its check-off system. Therefore, counsel requests that the Commission dismiss this action in its entirety, "with prejudice," and discontinue its investigation.

2. Kidder, Peabody

In the response from Kidder, Peabody to the complaint (Attachment 3), Senior Vice President, H. Lake Wise, sets out the background of Kidder, Peabody prior to its acquisition by General Electric. According to Mr. Wise, Kidder, Peabody was founded in 1865 and was an employee-owned private corporation until 1986. At that time, a subsidiary of the General Electric Company purchased 80 percent of the stock of Kidder, Peabody. Subsequently, in 1990, the remaining 20 percent was similarly acquired.

Notwithstanding the acquisition of its shares by a GE company, Mr. Lake states that Kidder, Peabody remains a distinct entity with its own management and board of directors. Mr. Lake further states that in 1987 Kidder, Peabody established a federal political action committee, KidderPAC, for its offices of the rank of Vice President and above. According to Mr. Wise, its funding and management are separate from that of any PAC for GE employees. Mr. Wise states that for a time, Kidder, Peabody officers were allowed to make regular contributions to the KidderPAC through payroll deductions. Mr. Wise also states that a small number of officers elected to do this. Lastly, Mr. Wise states that "this option was eliminated in October 1991.

D. **Analysis**

The facts of this matter are not in dispute. Therefore, the critical question becomes whether GE was required to make available to the IAM a method of soliciting voluntary PAC contributions comparable to the method previously utilized by Kidder, Peabody. Based on the Act and the Commission regulations, GE was obligated to make available to the IAM a method of payroll deduction only if certain conditions were met. First, the request by the IAM for a method of payroll deduction must have been a "written" one. Second, at the time the written request was received, GE, or another entity within its corporate structure, must have been "utilizing" a method of payroll deduction.

On December 3, 1991, the IAM requested, in writing, a check-off system for IAM employees. However, at the time the request was made, neither GE nor any of its subsidiaries, branches, divisions or affiliates utilized a method of payroll deduction for its employees. As set out above, Kidder, Peabody had eliminated its payroll deduction method of contributing to KidderPAC as of October 15, 1991. Thus, since GE or any component of its corporate structure did not "utilize a method" of payroll deduction at the time of the request, "such method" was not required to be made available to the IAM. As argued by GE, the Act and the Commission regulations use the present tense form of the word "utilize." Therefore, at the time the IAM requested a payroll deduction method, such a method must have been in the process of being utilized by GE or one of its subsidiaries, such as Kidder, Peabody. This Office notes that in cases where a method of payroll deduction is discontinued by a corporation only for the purpose of evading its obligations under the Act, a strict interpretation of the word "utilize" would not be appropriate. Such an evasion by GE does not appear to be the case in this matter. See discussion below.

According to the IAM, a method of soliciting voluntary contributions was in existence at Kidder, Peabody at "the time GE was notified of the IAM's request." Attachment 1 at 3. It appears that the IAM is alleging that the "courtesy call" from Mr. Poulin to Mr. Smith, for the purpose of informing GE that written requests for payroll deduction would be forthcoming, was sufficient to create an obligation on the part of GE to provide the check-off system to the IAM. Based on a reading of the Act and the Commission regulations, the IAM's notification by telephone is not sufficient to create such an obligation. As argued by counsel for GE, 'were the Union's informal, oral discussion sufficient to create an obligation on GE's part to provide a payroll check-off to the Locals, then the "written request" requirement of the statute and regulations would prove meaningless.' Further, based on the complaint, it appears that at the time the telephone call was made by Mr. Poulin, the IAM fully intended to submit the requisite written requests for the check-off system. Thus, it does not appear that the IAM originally intended the telephone call to Mr. Smith to serve as a replacement for the required written request. Instead, as set out in the complaint, the telephone call to to Mr. Smith was done only as a courtesy to "advise that the IAM would be forwarding to him a written request for GE to provide the IAM with political action checkoff since Kidder Peabody provided checkoff to its employees."

In addition to the foregoing, the IAM maintains that GE is not entitled to allow a check-off system for its affiliates only until "it is caught," at which time it can avoid its legal obligations by the changing the practice of its affiliates. Based on the evidence presently available, it does not appear that the check-off system at Kidder, Peabody was eliminated so as to allow GE to evade its obligations under the Act. Rather it appears that it was eliminated because such a method was not consistent with GE practice. According to the letter from Mr. Smith to Mr. Poulin dated January 13, 1992 (Attachment 1 at 49), the reason for this elimination was because such a method was contrary to GE practices. For example, at the time Mr. Poulin telephoned Mr. Smith to discuss the forthcoming written requests for the payroll check-off system, Mr. Smith was unaware that such a system even existed at Kidder, Peabody. Apparently, once it became known to Mr. Smith that Kidder, Peabody utilized such a method, it was eliminated. Furthermore, it appears that Kidder, Peabody was the only faction of the corporation to utilize such a system. Therefore, taking into consideration the facts of this matter and the applicable law, the past activity of Kidder, Peabody should not create a present obligation on the part of GE.[3]

Therefore, this Office recommends that the Commission find no reason to believe that the General Electric Company violated 2 U.S.C. § 441b(b)(6) and 11 C.F.R. § 114.5(k). Further, since there is no indication that Kidder, Peabody was involved in any of the alleged violations, this Office recommends that the Commission find there is no reason to believe that Kidder, Peabody violated the Act.

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3. Although these were not the facts of this case, GE's counsel argues that only the subsidiary that actually utilizes a method of payroll deduction is required to make this same method available to unions representing its very own employees. This Office finds this argument unpersuasive based on the Commission's views previously expressed in several Advisory Opinions ("AO") and enforcement proceedings. For example, in AO 1982-45 the Commission held that a corporation and its affiliate would be required to make a payroll deduction method available to a union local PAC if <u>either</u> corporate organization utilized such a plan for its employees. In MURs 947, 994, 2024 and 2518, the Commission found that when a corporation utilizes payroll deduction for its executive and administrative personnel to facilitate voluntary contributions in one of the corporation's affiliates or subsidiaries, the corporation must make that plan available to the union members employed by any of the corporation's affiliates and subsidiaries. Therefore, had the method of payroll deduction utilized by Kidder, Peabody still been in use at the time IAM's written request was received, GE would have had a statutory obligation to make available such a method to the IAM.

III. RECOMMENDATIONS

1. Find no reason to believe that the General Electric Company violated 2 U.S.C. § 441b(b)(6) and 11 C.F.R. § 114.5(k).

2. Find no reason to believe Kidder, Peabody Group Inc. violated the Federal Election Campaign Act of 1971, as amended.

3. Approve the appropriate letters.

4. Close the file.

Lawrence M. Noble
General Counsel

11/3/92
Date

By: LGL
Lois G. Lerner
Associate General Counsel

Attachments
1. Complaint
2. Response from GE dated April 23, 1992
3. Response from Kidder, Peabody dated May 15, 1992

Staff Member: Mary Ann Bumgarner

FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DONNA ROACH
COMMISSION SECRETARY

DATE: NOVEMBER 17, 1992

SUBJECT: MUR 3486 - FIRST GENERAL COUNSEL'S REPORT
DATED NOVEMBER 3, 1992

The above-captioned document was circulated to the Commission on WEDNESDAY, NOV. 4, 1992 at 11:00 A.M.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	
Commissioner McDonald	XXX
Commissioner McGarry	
Commissioner Potter	
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for TUESDAY, DECEMBER 1, 1992.

Please notify us who will represent your Division before the Commission on this matter.

93040925068

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 3486
General Electric Company;	)	
Kidder, Peabody Group Inc.	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on December 1, 1992, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 3486:

1. Close the file.
2. Direct the Office of General Counsel to send appropriate letters pursuant to the above action and the meeting discussion.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision. Commissioner Potter recused himself with respect to MUR 3486 and was not present during its consideration.

Attest:

12-2-92
Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 9, 1992

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Allison Beck, General Counsel
International Association of Machinists and
Aerospace Workers, AFL-CIO
Machinists Building
1300 Connecticut Avenue
Washington, DC 20036-1703

RE: MUR 3486

Dear Ms. Beck:

The Federal Election Commission has reviewed the allegations contained in your complaint dated March 17, 1992. On December 1, 1992, the Commission considered your complaint, but there was an insufficient number of votes to find no reason to believe that the General Electric Company violated 2 U.S.C. § 441b(b)(6) of the Federal Election Campaign Act of 1971, as amended (the "Act") and 11 C.F.R. § 114.5(k) of the Commission regulations. On that same date, there was also an insufficient number of votes to find no reason to believe that Kidder, Peabody Group, Inc. violated the Act.

Accordingly, on December 1, 1991, the Commission closed the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. <u>See</u> 2 U.S.C. § 437g(a)(8).

If you have any questions, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
First General Counsel's Report

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 9, 1992

Lawrence Peikes, Esquire
General Electric Company
3135 Easton Turnpike, W3B
Fairfield, CT 06431

RE: MUR 3486
General Electric Company

Dear Mr. Peikes:

On March 19, 1992, the Federal Election Commission notified the General Electric Company of a complaint alleging that it had violated certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act").

On December 1, 1992, the Commission considered the complaint, but there was an insufficient number of votes to find no reason to believe that the General Electric Company violated 2 U.S.C. § 441b(b)(6) and 11 C.F.R. § 114.5(k). Accordingly, the Commission closed its file in this matter. This matter will become part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter. Please send such materials to the General Counsel's Office.

If you have any questions, please direct them to Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

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First General Counsel's Report

CLOSED

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 9, 1992

H. Lake Wise, Senior Vice President
and Deputy General Counsel
Kidder, Peabody Group Inc.
10 Hanover Square
New York, NY 10005

RE: MUR 3486
Kidder, Peabody Group Inc.

Dear Mr. Wise:

On March 19, 1992, the Federal Election Commission notified Kidder, Peabody Group Inc. of a complaint alleging that it had violated certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act").

On December 1, 1992, the Commission considered the complaint, but there was an insufficient number of votes to find no reason to believe that Kidder, Peabody Group Inc. violated the Act. Accordingly, the Commission closed its file in this matter. This matter will become part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter. Please send such materials to the General Counsel's Office.

If you have any questions, please direct them to Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

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WASHINGTON, D C 20463

THIS IS THE END OF MUR # 3486

DATE FILMED 1-8-93 CAMERA NO. 4

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