

**FEDERAL ELECTION COMMISSION**

Washington, D.C. 20463

May 18, 2022

Vie Certified Mail
Return Receipt Requested

Terry Miles

Neillsville, WI 54456

RE: MUR 7137

Dear Mr. Miles:

This is in reference to the complaint you filed with the Federal Election Commission on September 20, 2016, concerning allegations that political contributions were involuntarily withheld from your pay without informing you of your right to refuse to contribute without any reprisal, in violation of the Federal Election Campaign Act of 1971, as amended (the "Act").

The Commission found that there was reason to believe that Precision Pipeline, LLC and Jillian Preller violated 52 U.S.C. § 30118(b)(3)(C) and 11 C.F.R. § 114.5(a)(4) by involuntarily withholding political contributions from employees' paychecks and threatening reprisal in response to an employee's objections to the withholding. Following the reason to believe finding, the Commission conducted an investigation into this matter. On July 22, 2021, a conciliation agreement signed by Precision Pipeline, LLC and Jillian Preller was accepted by the Commission. As to the other respondents, the Commission found no reason to believe that Laborers' International Union of North America PAC violated the Act or Commission regulations and dismissed the allegations that Midwest Region Laborers' Political League, Laborers' International Local #231, Laborers' International Local #538, Richard Phelps, and Dan Tuthill violated 52 U.S.C. § 30118(b)(3) and 11 C.F.R. § 114.5(a). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. See Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016). A copy of the agreement with Precision Pipeline, LLC and Jillian Preller is enclosed for your information. Copies of the Factual and Legal

Analyses for the remaining respondents are also enclosed. If you have any questions, please contact me at (202) 694-1302 or rwolcott@fec.gov.

Sincerely,

A handwritten signature in dark ink, appearing to be 'RW' followed by a long horizontal stroke.

Ray Wolcott
Staff Attorney

Enclosures:

1. Conciliation Agreement
2. Factual and Legal Analyses

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	MUR 7137
Precision Pipeline, LLC)	
Jillian Preller)	
)	

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Terry Miles.

The Federal Election Commission ("Commission") found reason to believe that Precision Pipeline, LLC and Jillian Preller (collectively, "Respondents") violated 52 U.S.C. § 30118(b)(3)(C) and 11 C.F.R. § 114.5(a)(4).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding. This Conciliation Agreement ("Agreement") is entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).

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

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

IV. The pertinent facts and law in this matter are as follows:

Facts

1. Precision Pipeline, LLC ("Precision Pipeline") is a liquid and gas pipeline contracting firm with projects across the United States.
2. Jillian Preller is a field office manager for Precision Pipeline.

3. Precision Pipeline processes payroll deductions for political contributions on behalf of the Laborers' International Union of North America, of which many of its members belong. Midwest Region Laborers' Political League is a separate segregated fund of the union.

4. Precision Pipeline is affiliated with the Pipe Line Contractors Association ("PLCA"), an association of pipe line contractors that negotiates labor agreements on behalf of its members. When Precision Pipeline began work in Illinois, it entered into an agreement with the local PLCA.

5. The PLCA agreement contained an appendix specifying the amount of Laborers' International Union of North America deductions to be made from each union employee's pay in each zone within Illinois, and which deductions needed prior approval from the employee. Due to an error in the PLCA agreement, Precision Pipeline's payroll system was set up so that political contributions were automatically withheld from employees working on one job, which lasted from April 2016 to December 2016, without checking to see if such deductions were authorized by the employee.

6. As a result, Precision Pipeline deducted unauthorized political contributions from thirteen employees in 2016. The total amount of unauthorized political contributions to Midwest Region Laborers' Political League that were improperly withheld from employee paychecks in 2016 was \$181.15.

7. In June 2016, when an employee complained about the unauthorized political contribution deduction from his paycheck, Ms. Preller told the employee that he could leave the job if he was unhappy with the political contribution deduction.

Law

8. The Act and Commission regulations prohibit corporations and labor organizations from making contributions in connection with a federal election. 52 U.S.C. § 30118(a); 11 C.F.R. § 114.2(b). Labor organizations are permitted to establish and solicit political contributions to a separate segregated fund (“SSF”). 52 U.S.C. § 30118(b)(2)(c); 11 C.F.R. § 114.1(a)(2)(iii). All contributions to an SSF must be voluntary and without coercion. 52 U.S.C. § 30118(b)(3)(A); 11 C.F.R. § 114.5(a)(1).

9. A corporation or labor organization may use a payroll-deduction or check-off system to collect and forward contributions to an SSF. *See* 11 C.F.R. §§ 114.1(f); 114.2(f)(4)(i); 114.5(k)(1). A contributor must affirmatively authorize such payroll deduction from the contributor’s wages. *See* Advisory Op. 2013-12 (SEIU and SEIU Cope) at 3; Advisory Op. 1999-03 (Microsoft PAC) at 2.

V. Precision Pipeline and Jillian Preller violated 52 U.S.C. § 30118(b)(3)(C) and 11 C.F.R. § 114.5(a)(4) by withholding political contributions from thirteen employees’ paychecks without previously informing the employees of their right to refuse to contribute without any reprisal and threatening reprisal against the Complainant if he continued to object to the withholdings.

VI. Respondents will take the following actions:

1. Respondents will cease and desist from violating 52 U.S.C. § 30118(b)(3)(C) and 11 C.F.R. § 114.5(a)(4).
2. Respondents will pay a joint civil penalty of Seven Thousand Five Hundred Dollars (\$7,500), pursuant to 52 U.S.C. § 30109(a)(5)(A).

3. Respondents will inform each of the thirteen individuals described in Section V that Precision Pipeline withheld political contributions from their paychecks without their authorization.

4. Respondents will notify Midwest Region Laborers' Political League of this settlement and request that Midwest Region Laborers' Political League refund the unauthorized political contributions to the thirteen individuals described in Section V.

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this Agreement. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This Agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 60 days from the date this Agreement becomes effective to comply with and implement the requirements contained in this Agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written Agreement shall be enforceable.

MUR 7137 (Precision Pipeline, LLC and Jillian Preller)
Conciliation Agreement
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FOR THE COMMISSION:

BY: **Charles
Kitcher**
Charles Kitcher
Acting Associate General Counsel
for Enforcement

Digitally signed by Charles Kitcher
Date: 2022.05.06 10:47:49 -04'00'

5/6/22
Date

FOR THE RESPONDENTS:


Virginia Pagliery
Counsel for Respondents

6-8-21
Date

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: LIUNA PAC MUR: 7137

I. INTRODUCTION

Complainant, an employee of Precision Pipeline, LLC (“Precision Pipeline”), alleges that political contributions to a union separate segregated fund (“SSF”) were deducted from his paychecks without authorization, in violation of the Federal Election Campaign Act of 1971, as amended (the “Act”). Complainant also alleges that when he refused to authorize the contributions, personnel associated with Local #538 of the Laborers’ International Union of North America and Precision Pipeline told him they were mandatory, and a Precision Pipeline manager threatened his job if he refused. LIUNA PAC states that it did not receive any of the contributions Complainant claims were unlawfully deducted.¹ The record provides no information suggesting that contributions were solicited on behalf of LIUNA PAC.

II. LEGAL ANALYSIS

The Act and Commission regulations prohibit labor organizations from making contributions in connection with a federal election.² A labor organization may establish an SSF for the purpose of engaging in federal political activity.³ All such contributions must be voluntary.⁴ The SSF may not make contributions or expenditures using “money or anything of value secured by physical force, job discrimination, financial reprisals, or the threat of force, job

¹ LIUNA PAC Resp. at 1 (Nov. 8, 2016).

² 52 U.S.C. § 30118(a); 11 C.F.R. § 114.2(b).

³ 52 U.S.C. § 30118(b)(2)(C).

⁴ See Advisory Op. 2003-14 (Home Depot) at 3.

1 discrimination, or financial reprisal; or by dues, fees, or other monies required as a condition of
2 membership[.]”⁵

3 A labor organization may use a payroll-deduction or check-off system to collect
4 contributions to its SSF.⁶ A contributor, however, must affirmatively authorize such payroll
5 deductions from his or her wages.⁷ To ensure that contributions solicited for an SSF are
6 voluntary, the Act and the Commission’s regulations make it unlawful for any person to solicit a
7 contribution to an SSF without informing the employee of the political purpose of the SSF and of
8 the right to refuse to contribute to the SSF without reprisal.⁸ Additionally, a corporation, labor
9 organization, or the SSF of either “may not enforce any guidelines for contributions.”⁹
10 A solicitation may be coercive if guidelines are provided without the requisite notices explaining
11 the voluntary nature of those guidelines.¹⁰

12 LIUNA PAC does not appear to have received contributions from the Complainant, nor is
13 there any evidence that contributions were solicited on behalf of LIUNA PAC. Accordingly, the
14 Commission finds no reason to believe that LIUNA PAC violated the Act or Regulations.

⁵ 52 U.S.C. § 30118(b)(3)(A); 11 C.F.R. § 114.5(a).

⁶ See generally Advisory Op. 2013-12 (SEIU and SEIU Cope) at 3.

⁷ See *id.*; *Fed. Election Comm’n v. Nat’l Educ. Ass.*, 457 F. Supp. 1102 (D.D.C. 1978); Advisory Op. 1999-03 (Microsoft PAC) at 2 (explaining that payroll deductions require advance showing of contributor’s “specific and voluntary donative intent”).

⁸ 52 U.S.C. § 30118(b)(3)(B)-(C); 11 C.F.R. § 114.5(a)(3)-(4). The term “person” includes an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons. 52 U.S.C. § 30101(11).

⁹ 11 C.F.R. § 114.5(a)(2).

¹⁰ See Conciliation Agreement IV.7, MUR 5337 (First Consumers Nat’l Bank) (conciliating prohibited facilitation of national bank contributions to state SSF).

FEDERAL ELECTION COMMISSION**FACTUAL AND LEGAL ANALYSIS**

RESPONDENTS: Laborers' International Local #538 MUR 7137
Richard Phelps
Dan Tuthill
Laborers' International Local #231
Midwest Region Laborers' Political League

I. INTRODUCTION

Complainant, an employee of Precision Pipeline, LLC ("Precision Pipeline"), alleges that political contributions to a union separate segregated fund ("SSF") were deducted from his paychecks without authorization, in violation of the Federal Election Campaign Act of 1971, as amended (the "Act"). Complainant also alleges that when he refused to authorize the contributions, personnel associated with Laborers' International Local #538 and Precision Pipeline told him they were mandatory.

Laborers' International Local #538, Richard Phelps, Dan Tuthill, and Laborers' International Local #231 deny that they told Complainant that the contributions were mandatory or threatened his job. Because the factual record does not sufficiently support the Complainant's claims, the Commission dismisses the allegations that Local #231, Local #538, Richard Phelps, and Dan Tuthill violated 52 U.S.C. § 30118(b)(3)(C) and 11 C.F.R. § 114.5(a)(4).

Midwest Region Laborers' Political League ("MRLPL") acknowledges that it received \$11.70 in involuntary contributions from Complainant but denies that it was involved in withholding the unauthorized deductions. Because there is no information available that contradicts MRLPL's assertion that it was not involved in withholding the involuntary contributions, the Commission dismisses the allegation that Midwest Region Laborers' Political League violated 52 U.S.C. § 30118(b)(3) and 11 C.F.R. § 114.5(a).

II. FACTS

Complainant was hired by Precision Pipeline to perform work on the Dakota Access Pipeline in Iowa, where he would be under the jurisdiction and benefit package of Local #538.¹ In early June 2016, Complainant attended a Local #538 orientation in West Burlington, Iowa.² During the orientation, Local #538 Steward Richard Phelps provided Complainant with an authorization form to complete.³ The form has two sections authorizing union dues and one section authorizing political action committee (“PAC”) deductions for Iowa Laborers’ Political Education Fund and Midwest Construction Promotional Committee.⁴ Complainant signed the union dues sections but did not sign the section authorizing PAC deductions.⁵

Complainant alleges that during that orientation, Phelps instructed him to sign the form, stating that the forms were “voluntary[,] but not really[;] you have to sign these.”⁶ Complainant alleges that Phelps told him he had to sign and called an unnamed business administrator, who informed Complainant that “political deductions were mandatory.”⁷ Local #531 and Phelps deny this characterization. In a sworn affidavit, Phelps states that he told Complainant that the section regarding SSF contributions was voluntary and that he accepted the form even though Complainant did not sign the section authorizing PAC contributions.⁸ The available information

¹ Compl. at 3 (Sept. 20, 2016).

² *Id.*; Local #538 Resp., Richard Phelps Aff. ¶ 8 (Nov. 22, 2016).

³ *Id.*

⁴ Local # 538 Resp. at 2, Ex. 1.

⁵ *Id.*

⁶ Compl. at 3.

⁷ *Id.*

⁸ Local #538 Resp., Richard Phelps Aff. ¶ 10; *see also id.* at 3.

confirms that Phelps accepted the form without a signature in the section authorizing PAC contributions.⁹

Although the pipeline project was scheduled to begin in June 2016 in both Iowa and Illinois, a delay in Iowa caused the project to begin only in Illinois, an area where Precision Pipeline's workers were under Local #231's jurisdiction.¹⁰ Complainant performed work in Illinois under the jurisdiction and benefits package of Local #231 in June 2016.¹¹ Complainant never completed a Local #231 form authorizing union dues or PAC contributions.¹²

Complainant's first paycheck, for the period ending June 12, 2016, showed deductions for Illinois political contributions.¹³ The day after receiving this paycheck, Complainant confronted Phelps.¹⁴ Complainant states that Phelps said any deductions were made pursuant to the "Pipeline Agreement Contract" ("Agreement").¹⁵ On June 22, 2016, Complainant received another paycheck reflecting political deductions.¹⁶ Complainant alleges that on June 24, 2016, Phelps again told him that political deductions were mandatory under the Agreement.¹⁷

⁹ See Local #538 Resp. Ex. 1.

¹⁰ See Local #538 Resp. at 1; Local # 231 Resp., Robert Schroeder Aff. ¶ 8 (March 21, 2017).

¹¹ Compl. at 5; Local # 231 Resp. at 2.

¹² Local # 231 Resp. at 2.

¹³ Compl. at 3; Compl. Ex. 2. Local #231's Response indicates that FEDERAL/LPL refers to Midwest Region Laborers' Political League, a federally registered SSF. See Local #231 Resp., Robert Schroeder Aff. ¶ 4.

¹⁴ Compl. at 3; Local #538 Resp., Richard Phelps Aff. ¶ 13.

¹⁵ Compl. at 3.

¹⁶ *Id.* at 4.

¹⁷ *Id.*

MUR 7137 (Laborers' International Local #538, *et al.*)

Factual and Legal Analysis

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Local #231 responds that it was unaware Complainant worked under its jurisdiction during June 2016.¹⁸ It explains that it normally sends a copy of a member's authorization form to Precision Pipeline's payroll office, but states that it cannot locate Complainant's signed form.¹⁹ Local #231 asserts Precision Pipeline's error was inadvertent, and provides a copy of the Local's standard authorization form to show that its written solicitations state that contributions are voluntary.²⁰ It offered to repay any involuntary SSF contributions it unknowingly received from Complainant.²¹

Local #538 states that Complainant worked under Local #231's jurisdiction when Precision Pipeline made the unauthorized deductions, and it denies knowing about the contributions to Local #231's SSF.²² As mentioned above, Local #538 denies that Phelps told Complainant that SSF contributions were mandatory. It further states that once Complainant began work under its jurisdiction in Iowa in July 2016, Precision Pipeline stopped withholding SSF contributions.²³ Finally, Local #538 states that at a November 15, 2016, meeting, it told pipeline stewards to explain to new hires that political contributions were not mandatory.²⁴

MRLPL admits that it received \$11.70 from the Complainant without his authorization, but also states that those deductions were erroneous and inadvertent, and not due to MRLPL's

¹⁸ Local #231 Resp. at 2. As explained in an attached affidavit by Robert Schroeder, Local #231's business manager, Complainant was scheduled to begin work in Iowa (under Local #538), but due to a delay in permits, began working in Illinois (under Local #231). *Id.*; Schroeder Aff. ¶ 8.

¹⁹ *Id.* ¶¶ 4-7, 9.

²⁰ Local #231 Resp. at 2, Ex. 1.

²¹ *Id.* at 3.

²² Local #538 Resp. at 2.

²³ *Id.*; see also *id.*, Tracey Barrick Aff., Administrator of the Laborers-Employers Benefit Plan Collection Trust ¶¶ 6-7 (Nov. 18, 2016).

²⁴ *Id.* at 3.

actions.²⁵ MRLPL states it was unaware of the impermissible deductions until it received the Complaint, and that it is willing to refund Complainant's contributions.²⁶

III. LEGAL ANALYSIS

The Act and Commission regulations prohibit corporations and labor organizations from making contributions in connection with a federal election.²⁷ A corporation or labor organization may establish an SSF for the purpose of engaging in federal political activity.²⁸ To ensure that contributions solicited for an SSF are voluntary, the Act and the Commission's regulations make it unlawful for any person to solicit a contribution to an SSF without informing the employee of the political purpose of the SSF and of the right to refuse to contribute to the SSF without reprisal.²⁹ A solicitation may be considered coercive if proper notices are not given.³⁰

Commission regulations permit the use of a payroll-deduction or check-off system to facilitate the making of voluntary contributions to an SSF.³¹ In addition, corporations may make

²⁵ MRLPL Resp. at 2 (May 31, 2017). An affidavit provided by MRLPL's assistant treasurer clarifies that Precision Pipeline transfers contributions to the Laborers-Employers Benefit Plan Collection Trust ("LEBPCT"), a trust that serves as a clearinghouse for union contributions and remits contributions to MRLPL. *See Id.*, Jamie LaFauce Aff. at ¶¶ 4-6 (undated).

²⁶ MRLPL Resp. at 3.

²⁷ 52 U.S.C. § 30118(a); 11 C.F.R. § 114.2(b).

²⁸ 52 U.S.C. § 30118(b)(2)(C); 11 C.F.R. § 114.1(a)(2)(iii).

²⁹ 52 U.S.C. § 30118(b)(3)(B)-(C); 11 C.F.R. § 114.5(a)(3)-(4). The term "person" includes an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons. 52 U.S.C. § 30101(11).

³⁰ Conciliation Agreement at ¶ 7, MUR 5337 (First Nat'l Consumers Bank) ("A solicitation can also be coercive if proper notice is not given.").

³¹ *See* 11 C.F.R. §§ 114.1(f); 114.2(f)(4)(i); 114.5(k)(1); *see also* Advisory Op. 2014-04 (Enterprise Holdings, Inc.) at 2 (authorizing corporation's payroll deduction program to facilitate making of voluntary contributions to SSF); Advisory Op. 1991-19 (GTE Service Corp.) (permissibility of payroll deduction program "is dependent upon compliance with the standard of voluntariness set out in 11 CFR 114.5(a)(1)-(5)").

1 available a payroll deduction plan to labor unions and their members.³² In any lawful payroll
 2 deduction program, a contributor must affirmatively authorize such deductions from his or her
 3 wages.³³

4 While Precision Pipeline took no deductions from Complainant while he worked under
 5 Local #538's jurisdiction, there is a factual dispute whether Local #538; Phelps, Local #538's
 6 steward; or Dan Tuthill, a field representative for Local #538, solicited involuntary contributions
 7 for MRLPL. Complainant alleges that Richard Phelps told him that he had to sign Local #538
 8 authorization forms and that Phelps was "angry" when he objected to making political
 9 contributions. But the available information shows that Phelps accepted Complainant's
 10 authorization form without a signature in the PAC authorization section. The sworn complaint
 11 further alleges that Tuthill told him that PAC contributions were mandatory, but Local #538
 12 denies that allegation, and Tuthill submitted an affidavit stating that he did not remember talking
 13 to or meeting the Complainant, and it is his practice to inform union members that political
 14 contributions are voluntary.³⁴ Thus, the evidence on this point conflicts and is inconclusive.

15 Local #231 appears to have been unaware that Complainant worked under its jurisdiction
 16 when Precision Pipeline deducted involuntary contributions from his pay, and there is no
 17 information suggesting that it was involved in deducting involuntary contributions from its
 18 members.

³² See 11 C.F.R. § 114.5(k); Advisory Op. 1978-74 (Engineers Political Action Committee) at 1-2 (corporations may provide lawful methods of facilitating contributions to labor organization by agreement).

³³ See Advisory Op. 2013-12 (SEIU and SEIU Cope) at 3; *Fed. Election Comm'n v. Nat'l Educ. Ass.*, 457 F. Supp. 1102 (D.D.C. 1978); Advisory Op. 1999-03 (Microsoft PAC) at 2 (explaining that payroll deductions require advance showing of contributor's "specific and voluntary donative intent").

³⁴ Local #538 Resp., Tuthill Aff. ¶¶ 5-9.

1 MRLPL acknowledges that it received \$11.70 in involuntary contributions from
2 Complainant.³⁵ However, MRLPL asserts that it was unaware of the involuntary contributions
3 prior to receiving the complaint and we have uncovered no information that contradicts its
4 assertion that it was not involved in withholding the involuntary contributions from
5 Complainant's paychecks.³⁶

6 Based on the foregoing, the Commission dismisses the allegations that Laborers'
7 International Local #538, Richard Phelps, Dan Tuthill, and Laborers' International Local #231
8 violated 52 U.S.C. § 30118(b)(3)(C) and 11 C.F.R. § 114.5(a)(4). Further, the Commission
9 dismisses the allegation that Midwest Region Laborers' Political League violated 52 U.S.C.
10 § 30118(b)(3) and 11 C.F.R. § 114.5(a).

³⁵ MRLPL Resp. at 2

³⁶ *Id.*