



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C.

December 19, 2024

BY: UPS

Rupert Baptiste

Union, New Jersey 07083

RE: MUR 7664 (Plumbers and Pipefitters
Local Union No. 9, *et al.*)

Dear Mr. Baptiste:

This is in reference to the complaint and supplemental complaints you filed with the Federal Election Commission on November 21, 2019, April 23, 2021, and June 24, 2021, alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act"), by Plumbers and Pipefitters Local Union No. 9 (the "Union"), Plumbers and Pipefitters Local Union No. 9 PAC and Michael Maloney in his official capacity as treasurer (the "PAC"), and Michael Maloney in his personal capacity, and a violation of the cease-and-desist provision of the conciliation agreement by the Union and PAC in previously closed MUR 7028 (Plumbers and Pipefitters Local Union No. 9, *et al.*).

Upon further review of the allegations contained in the complaint, and information supplied by the Union, PAC, and Maloney, the Commission, on April 16, 2024, voted to file a civil action against the Union and PAC to enforce the conciliation agreement in MUR 7028. Complaint. *FEC v. Plumbers & Pipefitters Union Local No. 9*, Civ No. 24-1450 (D.D.C. May 17, 2024).

On December 16, 2024, the District Court for the District of Columbia entered a consent judgement in the civil action. Consent Judgment, *FEC v. Plumbers & Pipefitters Union Local No. 9*, Civ No. 24-1450 (D.D.C. Dec. 16, 2024). A copy of the consent judgement is attached. It provides for the Union and PAC to pay a civil penalty of \$240,000. Earlier, on December 13, 2024, the Commission, Union, and PAC entered into a Joint Stipulation of facts in support of the Consent Judgment. Joint Stipulation, *FEC v. Plumbers & Pipefitters Union Local No. 9*, Civ No. 24-1450 (D.D.C. Dec. 13, 2024). This document is also attached.

In addition to paying a civil penalty, the Union and PAC must, within 45 days of the entry of the consent judgment, mail a check for a full refund of contributions to the last known address of each Union member who declined to participate in the payroll deduction program between May 17, 2019, and the date of the consent judgment but who had contributions deducted anyway. This specifically includes you by name. Union members in this category need not

MUR 7664 (Plumbers and Pipefitters, *et al.*)
Rupert Baptiste
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make any request for a refund. Consent Judgment ¶ 24. Moreover, within the same time frame, the Union and PAC must notify all other Union members who did not sign a payroll deduction authorization form but who had contributions deducted anyway from their paycheck of the right to request, within 60 days of each notice being sent, a full or partial reimbursement of such contributions. *Id.* ¶ 25.

The Joint Stipulation provides that payment of the \$240,000 penalty and of all refunds required by the Consent Judgment will satisfy the Union and PAC's liability for any violations of the Act alleged in MUR 7664. Joint Stipulation ¶ 39.

On December 10, 2024, the Commission voted to dismiss and close the file in MUR 7664 as to the Union, PAC, and Maloney, effective upon the date of the district court's entry of judgement in the civil action. Therefore, the file in the above-captioned matter was closed effective December 16, 2024, when the court entered judgement. Further documentation may be provided in the future.

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).

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action within 60 days of the dismissal, which became effective December 16, 2024. *See* 52 U.S.C. § 30109(a)(8).

If you have any questions, please contact Kimberly Hart, the attorney assigned to this matter, at (202) 694-1618 or khart@fec.gov.

Sincerely,

Lisa Stevenson
Acting General Counsel

Mark Shonkwiler

BY: Mark D. Shonkwiler
Assistant General Counsel

Attachment:
Consent Judgment
Joint Stipulation

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

FEDERAL ELECTION COMMISSION,

Plaintiff,

v.

PLUMBERS AND PIPEFITTERS LOCAL
UNION NO. 9, *et al.*,

Defendants.

Civil Action No. 24-1450-APM

CONSENT JUDGMENT

Plaintiff Federal Election Commission (“FEC” or “Commission”) filed this action for declaratory, injunctive, and other appropriate relief against defendants Plumbers and Pipefitters Local Union No. 9 (“Union”) and Plumbers and Pipefitters Local Union No. 9 Political Action Committee (“PAC”) (collectively, “defendants”). (ECF 1 & 4-1.) The Commission, Union, and PAC have stipulated to the Court’s entry of this Consent Judgment based on the following:

JURISDICTION AND VENUE

1. This Court has jurisdiction under 28 U.S.C. § 1345, as this is an action brought by an agency of the United States expressly authorized to sue by an act of Congress, 52 U.S.C. §§ 30107(a)(6), 30109(a)(5)(d), (a)(6)(A).

2. Venue is proper in the U.S. District Court for the District of Columbia pursuant to the forum selection clause in the conciliation agreement entered into between the parties under 52 U.S.C. § 30109(a)(4)(A)(i), which went into effect on October 30, 2018 (ECF 1-1) (“Conciliation Agreement”). Section VII, Conciliation Agreement.

THE PARTIES

3. Plaintiff FEC is the independent agency of the United States government with exclusive jurisdiction over the administration, interpretation, and civil enforcement of the Federal Election Campaign Act (“FECA” or “Act”), codified at 52 U.S.C. §§ 30101-30145. *See* 52 U.S.C. §§ 30106(b)(1), 30107(a), 30109. The Commission is authorized to institute investigations of possible violations of the Act, *id.* § 30109(a)(1)-(2), to enter into conciliation agreements to correct or prevent violations of the Act, *id.* § 30109(a)(4)(A), (a)(5), and to initiate civil actions in the United States district courts to obtain judicial enforcement of the Act and conciliation agreements, *id.* §§ 30107(a)(6), 30109(a)(5)(D), (6).

4. Defendant Union is a labor organization whose business address is 2 Iron Ore Road at Route 33, Englishtown, New Jersey 07726.

5. Defendant PAC is a political action committee registered with the Commission and is the Union’s “separate segregated fund” under FECA (ID: C00155440). The PAC’s business address is 2 Iron Ore Road at Route 33, Englishtown, New Jersey 07726.

RELEVANT STATUTORY AND REGULATORY PROVISIONS

6. FECA provides that:

In any case in which a person has entered into a conciliation agreement with the Commission under paragraph (4)(A), the Commission may institute a civil action for relief under paragraph (6)(A) if it believes that the person has violated any provision of such conciliation agreement. For the Commission to obtain relief in any civil action, the Commission need only establish that the person has violated, in whole or in part, any requirement of such conciliation agreement.

52 U.S.C. § 30109(a)(5)(D).

7. With certain exceptions, labor organizations are generally prohibited from making contributions to federal campaign committees, and a political committee is prohibited from

knowingly accepting or receiving such contributions. 52 U.S.C. § 30118(a); 11 C.F.R. § 114.2(b), (d).

8. Labor organizations are permitted to use their general treasury funds to establish and administer a separate segregated fund (“SSF”), which in turn is permitted to make contributions in connection with federal elections. 52 U.S.C. § 30118(b)(2)(C); 11 C.F.R. §§ 114.1(a)(2)(iii), 114.5(b).

9. A labor organization or its SSF may only solicit contributions from the union’s members and executive or administrative personnel and their families. 52 U.S.C. § 30118(b)(4)(A)(ii); 11 C.F.R. § 114.5(g)(2).

10. An SSF is prohibited from making contributions or expenditures “by utilizing . . . dues, fees, or other moneys required as a condition of membership in a labor organization or as a condition of employment.” 52 U.S.C. § 30118(b)(3)(A); 11 C.F.R. § 114.5(a)(1).

11. It is unlawful for any person, including a labor organization (*see* 52 U.S.C. § 30101(11)), 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 without any reprisal. 52 U.S.C. § 30118(b)(3)(B)-(C); 11 C.F.R. § 114.5(a)(3)-(4).

12. If an amount for contributions is suggested, existing law requires the person soliciting the contribution to state that the amount is merely a suggestion, that the member is free to contribute more or less without any reprisal, and that the union will not favor or disadvantage anyone because of the amount of the contribution or a decision not to contribute. 52 U.S.C. § 30118(b)(3); 11 C.F.R. § 114.5(a)(2).

13. All contributions to a SSF must be voluntary and without coercion. 52 U.S.C. § 30118(b)(3)(A); 11 C.F.R. § 114.5(a). A solicitation may be considered coercive if proper

notices are not given. *See Pipefitters Local Union No. 52 v. United States*, 407 U.S. 385, 414-15, 427 (1972); Conciliation Agreement, Section IV ¶ 8.

14. A labor organization may use a payroll-deduction or check-off system to collect contributions to its SSF. *FEC v. Nat'l Educ. Ass'n*, 457 F. Supp. 1102, 1109 (D.D.C. 1978); FEC Advisory Opinion 2013-12 (Serv. Emp. Int'l Union) at 3, 2013 WL 5352759 (Sept. 12, 2013).

15. However, a contributor must affirmatively authorize such payroll deductions from the contributor's wages. *Nat'l Educ. Ass'n*, 457 F. Supp. at 1106; FEC Advisory Op. 2013-12 (Serv. Emp. Int'l Union) at 3; Conciliation Agreement, Section IV ¶ 9. While certain other forms of documentation may serve as proof of payroll documentation authorization, signed payroll deduction forms may serve as the best documentation that a deduction was authorized at a particular time for a particular amount. *See FEC, Stm't of Policy; Recordkeeping Requirements for Payroll Deduction Authorizations*, 71 Fed. Reg. 38,513 (July 7, 2006).

16. As currently construed by the courts and the Commission, a reverse check-off system, by which SSF contributions are deducted from wages unless an employee opts out, is a *per se* violation of 52 U.S.C. § 30118(b)(3)(A). *Nat'l Educ. Ass'n*, 457 F. Supp. at 1110; Conciliation Agreement, Section IV ¶ 11.

17. FECA authorizes a United States district court to order a defendant who has violated FECA to pay a civil penalty. 52 U.S.C. § 30109(a)(6)(B)-(C). For each violation that is not knowing and willful, "the civil penalty shall not exceed the greater of \$24,225 or an amount equal to any contribution or expenditure involved in the violation"; for each violation that is knowing and willful, "the civil penalty shall not exceed the greater of \$51,744 or an amount

equal to 200% of any contribution or expenditure involved in the violation.”¹ 11 C.F.R. § 111.24(a)(1), (a)(2)(i).

18. In addition to imposing civil penalties, FECA authorizes United States district courts to “grant a permanent or temporary injunction, restraining order, or other order” against any defendant who has violated the Act. 52 U.S.C. § 30109(a)(6)(B).

FACTS SUPPORTING THE JUDGMENT

19. The facts supporting the judgment are recited in paragraphs 1 through 39 of the Joint Stipulation for Entry of Consent Judgment (ECF No. 13).

Plaintiff FEC and defendants Union and PAC having stipulated to the entry of this Consent Judgment, it is HEREBY ORDERED, ADJUDGED, AND DECREED that:

20. Defendants Union and PAC violated the Conciliation Agreement by, after the effective date of the Conciliation Agreement: (a) causing contributions to the PAC to be deducted from the pay of multiple members without first obtaining a signed payroll deduction authorization form; (b) causing contributions to the PAC to be deducted from the pay of multiple members after those members affirmatively declined to participate in the payroll deduction program; and (c) by using a payroll deduction authorization form that did not state “[t]hat an individual is free to contribute more or less than the guideline[] suggest[s],” 11 C.F.R.

¹ FECA provides that courts may impose civil penalties that “do[] not exceed the greater of \$5,000 or an amount equal to any contribution or expenditure involved in such violation,” or if the violation was knowing and willful, “do[] not exceed the greater of \$10,000 or an amount equal to 200 percent of any contribution or expenditure involved in such violation.” 52 U.S.C. § 30109(a)(6)(B)-(C). However, federal agencies are required to adjust civil monetary penalties for inflation each year. 28 U.S.C. § 2461 note § 4. For FECA violations, the adjusted civil penalty for 2024 is \$20,528 per violation and \$51,744 for knowing and willful violations. See 11 C.F.R. § 111.24(a)(1), (a)(2)(i) (2024); FEC, *Civil Monetary Penalties Annual Inflation Adjustments*, 89 Fed. Reg. 697, 698 (Jan. 5, 2024).

§ 114.5(a)(2)(ii), or provide a designated space for a member to indicate an amount other than the recommended amount.

21. Because defendants Union and PAC have violated the Conciliation Agreement, FECA, and the applicable regulations discussed above, the Court imposes a civil penalty against defendants of \$240,000, for which defendants shall be jointly and severally liable. *See* 52 U.S.C. § 30109(a)(6)(B)-(C); 11 C.F.R. § 111.24(a)(1), (a)(2)(i) (2024). This penalty shall be paid in installments: (a) \$60,000 due on or before May 1, 2025; (b) \$60,000 due on or before July 1, 2025; (c) \$60,000 due on or before September 1, 2025; and (d) \$60,000 due on or before November 1, 2025.

22. Defendant Union is permanently enjoined from causing deductions to be made from any and all Union members' paychecks for contributions to PAC, or any other federally-registered separate segregated fund established by the Union, without obtaining prior written authorization and providing the notice required by 52 U.S.C. § 30118(b)(3)(B)-(C) and 11 C.F.R. § 114.5(a)(2)-(5).

23. Defendant PAC is permanently enjoined from accepting contributions from Union members who have not first provided written prior authorization for any and all contributions to PAC that are deducted from the Union members' payroll and/or have not received the notice required by 52 U.S.C. § 30118(b)(3)(B)-(C) and 11 C.F.R. § 114.5(a)(2)-(5).

24. Within 45 days of issuance of this Consent Judgment, and without receiving a refund request, defendants Union and PAC shall mail a check to the last known address of each Union member for the amount of all contributions that member made to the PAC for each member who declined to participate in the payroll deduction program between May 17, 2019 and the date of this Consent Judgment, including but not limited to the administrative complainant,

Rupert Baptiste. Members shall have up to 90 days from the date the checks are mailed to deposit them into their bank account or other financial institution, or the refund shall be forfeited.

25. Within 45 days of issuance of this Consent Judgment, defendants Union and PAC shall send notifications by electronic mail and postal mail to the last known address of each Union member who had a contribution to PAC deducted from their paycheck for which they had not signed an authorized payroll deduction form between May 17, 2019 and the date of the Consent Judgment's issuance stating: (a) that the PAC was required to obtain prior written authorization from Union members before deducting PAC contributions from Union members' paychecks; and (b) informing the members of their right, within 60 days of each notice being sent, to request a full or partial reimbursement of such contributions and assuring them that they will not receive any reprisal whatsoever if they make such a request. Defendants Union and PAC shall mail a refund check within 30 days of receipt of a request for such refund. Members shall have up to 90 days from the date the checks are mailed to deposit them into their bank account or other financial institution, or the refund shall be forfeited.

26. Should, after the issuance of this Consent Judgment, defendant Union cause deductions to be made from Union members' payroll for contributions to PAC or any other federally-registered separate segregated fund established by the Union, defendant Union shall ensure that any future refund requests from Union members for the refund of any deduction made without the member's prior written authorization are promptly refunded within 30 days of receipt of the refund request and without reprisal.

27. The Commission, Union, and PAC shall bear their own costs and attorney's fees with regard to the Commission's claims against Union and PAC in this litigation.

28. The attachments to the FEC's Sealed Motion for Leave to File Complaint Under Seal (ECF 4), specifically the complaint (ECF 4-1) and exhibits 2 through 7 thereto (ECF 4-2 – 4-7), shall hereby be **UNSEALED**.

29. This Court shall retain jurisdiction of this action, and of any ancillary or supplemental actions thereto, for eight years from the date of entry of this Consent Judgment in order to, among other things, implement and carry out the terms of all orders, judgments, and decrees that may be entered herein, including any that may be necessary to assure compliance with this Consent Judgment. This Consent Judgment shall automatically expire after eight years, although the permanent injunctive relief provided herein survives its dissolution.



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The Honorable Amit P. Mehta
United States District Judge

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

FEDERAL ELECTION COMMISSION,

Plaintiff,

v.

PLUMBERS AND PIPEFITTERS LOCAL
UNION NO. 9, *et al.*,

Defendants.

Civil Action No. 24-1450-APM

JOINT STIPULATION

JOINT STIPULATION FOR ENTRY OF CONSENT JUDGMENT

Plaintiff Federal Election Commission (“Commission” or “FEC”) and defendants Plumbers and Pipefitters Local Union No. 9 (“Union”) and Plumbers and Pipefitters Local Union No. 9 Political Action Committee (“PAC”) (collectively, “defendants”) agree and stipulate as follows (“Joint Stipulation”):

1. The Commission, Union, and PAC consent to entry of the proposed Consent Judgment between Plaintiff Federal Election Commission and defendants Union and PAC (“Consent Judgment”).

2. The Commission makes the following allegations which, for purposes of this stipulation, the Union and PAC agree not to contest.

3. Plaintiff FEC is the independent agency of the United States government with exclusive jurisdiction over the administration, interpretation, and civil enforcement of FECA. *See* 52 U.S.C. §§ 30106(b)(1), 30107(a), 30109. The Commission is authorized to institute investigations of possible violations of the Act, *id.* § 30109(a)(1)-(2), to issue advisory opinions construing the Act, *id.* §§ 30107(a)(7), 30108, to enter into conciliation agreements to correct or

prevent violations of the Act, *id.* § 30109(a)(4)(A), (a)(5), and to initiate civil actions in the United States district courts to obtain judicial enforcement of the Act and conciliation agreements, *id.* §§ 30107(a)(6), 30109(a)(5)(D), (6).

4. Defendant Union is a labor organization whose business address is 2 Iron Ore Road at Route 33, Englishtown, New Jersey 07726.

5. From 1994 until June 2024, Michael Maloney was the Union’s Business Manager, which is the Union’s principal officer in charge of day-to-day operations. In June 2024, the Union held an election, and its membership voted to replace Mr. Maloney. Mr. Tranberg is currently the Union’s Business Manager.

6. Defendant PAC is a political action committee registered with the Commission and is the Union’s “separate segregated fund” under FECA (ID: C00155440). PAC’s business address is 2 Iron Ore Road at Route 33, Englishtown, New Jersey 07726. The PAC was formed in 1982.

7. From 2004 until July 2024, Mr. Maloney was the PAC’s Treasurer. Following the Union election in June 2024, Mr. Tranberg is the PAC’s current Treasurer.

8. The parties enter into this Joint Stipulation and proposed Consent Judgment for the purpose of settling this litigation. This Joint Stipulation and the proposed Consent Judgment are the product of a good-faith, arms-length negotiation. All parties were represented by counsel throughout. The parties have each taken into account: the litigation risks, the benefits of avoiding those risks and of avoiding protracted litigation, the Union’s efforts to comply with the prior Conciliation Agreement under the leadership of Mr. Tranberg, who replaced Mr. Maloney as Business Manager by way of a Union election and as PAC Treasurer, and the public interest,

including that the public settlement sends a message of deterrence to other persons regulated by the Commission.

9. On March 21, 2016, a member of the Union, Rupert Baptiste, filed an administrative complaint with the Commission alleging in relevant part that the Union and PAC improperly deducted contributions from his pay without his prior authorization and had failed to issue a refund of his contributions when requested. MUR 7028, Admin. Compl. This matter was designated as Matter Under Review (“MUR”) 7028, for which the public file is available at <https://www.fec.gov/data/legal/matter-under-review/7028/>.¹

10. Following receipt of responses to the administrative complaint from the Union and PAC, and upon the recommendation of the FEC’s Office of the General Counsel, on March 21, 2017, the Commission decided by a vote of 5-0 to find reason to believe that the Union violated 52 U.S.C. § 30118(b)(3)(A)-(C) and 11 C.F.R. § 114.5(a)(2)-(5) by failing to obtain the appropriate voluntary authorizations to make payroll deduction from Union members, found reason to believe that the PAC and its treasurer (Mr. Maloney) violated 52 U.S.C. § 30118(b)(3)(A) and 11 C.F.R. § 114.5(a)(2)-(5) by accepting contributions from Union members that were not obtained voluntarily or documented correctly, and authorized an investigation. MUR 7028, Vote Certification (Mar. 21, 2017); MUR 7028, First General Counsel’s Report (Dec. 15, 2016).

11. Following an investigation, the Union and PAC requested pre-probable cause conciliation. MUR 7028, Second General Counsel’s Report at 2 (June 28, 2018).

12. On October 25, 2018, the Commission decided by a vote of 4-0 to approve a conciliation agreement signed on behalf of the Union and PAC on September 28, 2018, which

¹ Documents cited from MUR 7028 may be found at this web address.

was counter-signed by the Commission and went into effect on October 30, 2018 (“Conciliation Agreement” (ECF 1-1)). MUR 7028, Vote Certification (Oct. 25, 2018); MUR 7028, Conciliation Agreement, Section VIII.

13. The Conciliation Agreement had the effect of a conciliation agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i). Conciliation Agreement, Section I.

14. In the Conciliation Agreement, the Union and PAC agreed that:

a. Between 2012 and 2017, the Union caused members to make payroll deductions for contributions to PAC. During this period of time, PAC accepted contributions totaling \$2,375,742.49 made via payroll deductions from 1,310 Union members. Conciliation Agreement, Section IV ¶ 3.

b. The Union, in soliciting PAC funds, did not obtain written authorizations demonstrating the voluntary nature of those contributions for 1,185 of the 1,310 contributing Union members. Conciliation Agreement, Section IV ¶ 4.

c. For the remaining 125 Union members, the written authorizations obtained by the Union did not satisfy the Act’s requirements because the form it used (1) did not contain any language regarding the voluntary nature of the SSF contributions or noting the prohibition against reprisals for failure to participate, (2) included a pre-set amount for the contributions, and (3) contained no language informing the member that he/she could choose not to contribute any sums of money or contribute more or less than the amount shown on the form. Conciliation Agreement, Section IV ¶ 5.

d. Between 2012 and 2017, the PAC made \$47,000 in contributions to federal candidates and committees and \$218,988.49 in transfers or contributions to a federal political action committee, the United Association Political Education Committee.

Conciliation Agreement, Section IV ¶ 6.

15. The Union and PAC further agreed that they “violated 52 U.S.C. § 30118(b)(3)(A)-(C) and 11 C.F.R. § 114.5(a)(2)-(5) by soliciting and accepting contributions for the PAC without obtaining the appropriate written authorizations demonstrating the voluntary nature of the contributions, by operating a reverse check-off system, and by using such funds to make federal contributions and expenditures.” Conciliation Agreement, Section V.

16. In the Conciliation Agreement, the Union and PAC agreed to take the following actions:

a. The Union will cease and desist from violations of 52 U.S.C. § 30118(b)(3)(A)-(C) and 11 C.F.R. § 114.5(a)(2)-(5). Conciliation Agreement, Section VI ¶ 1.

b. The PAC will cease and desist from violations of 52 U.S.C. § 30118(b)(3)(A) and 11 C.F.R. § 114.5(a)(2)-(5). Conciliation Agreement, Section VI ¶ 2.

c. The Union and PAC will pay a joint civil penalty of \$92,650 pursuant to 52 U.S.C. § 30109(a)(5)(A). Conciliation Agreement, Section VI ¶ 3.

d. The Union and PAC will ensure that all solicitations comply with the Act and regulations and that signed payroll deduction authorizations are obtained for all Union members contributing to the PAC. Conciliation Agreement, Section VI ¶ 4.

e. The Union and PAC will refund contributions withheld from administrative complainant Baptiste’s pay between 2012 and 2017 in the amount of \$1,426.93. Conciliation Agreement, Section VI ¶ 5.

f. The Union and PAC will send notifications by mail to the last known address of each of the 1,310 members, from whom they obtained contributions between 2012 and 2017, informing them of the improper payroll deductions for PAC contributions and of their right to request reimbursement therefor; and PAC will issue a refund within 30 days of receiving such a refund request. Conciliation Agreement, Section VI ¶ 6.

17. The Conciliation Agreement further provided:

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.

Conciliation Agreement, Section VII.

18. On November 21, 2019, the Commission received an administrative complaint from Union member Baptiste, which was notarized and sworn under penalty of perjury, alleging in relevant part that, after the effective date of the Conciliation Agreement, the Union and PAC improperly deducted contributions from his and other Union members' pay without his or their prior authorization. MUR 7664, Admin. Compl. (Oct. 9, 2019) (ECF 4-2); *see also* MUR 7664, Supp. Admin Compl. (Apr. 21, 2021) (ECF 4-3). This matter was designated as MUR 7664. In a subsequent supplement to the administrative complaint, Baptiste provided copies of his alleged paystubs from May 2021 and June 2021, which state that money was deducted from his paycheck for a contribution to PAC, and for which Baptiste stated he did not give prior written authorization. MUR 7664, 2d Supp. Admin Compl. (June 11, 2021) (ECF 4-4).

19. The Commission provided notification of the administrative complaint to the Union, PAC, and Maloney in both his official capacity as Treasurer of the PAC and in his personal capacity of this administrative complaint. The Union, PAC, and Maloney designated a single attorney to represent them.

20. In the responses to the administrative complaint and its supplements, PAC and Maloney did not deny that, after the effective date of the Conciliation Agreement, contributions to PAC had been deducted from other Union members' paychecks without their prior authorization. MUR 7664, Resp. (Jan. 9, 2020) (ECF 4-5); MUR 7664, Supp. Resp. (May 6, 2021) (ECF 4-6); MUR 7664, 2d Supp. Resp. (July 22, 2021) (ECF 4-7).

21. In their third response, PAC and Maloney admitted that contributions to PAC had been deducted from Baptiste's paycheck without his written prior authorization after the effective date of the Conciliation Agreement. MUR 7664, 2d Supp. Resp. (July 22, 2021).

22. On April 16, 2024, the Commission decided by the requisite number of votes to institute a civil action to enforce the Conciliation Agreement pursuant to 52 U.S.C. § 30109(a)(6).

23. The Commission filed the instant lawsuit to enforce the Conciliation Agreement on May 17, 2024. (ECF 1.)

24. The Commission has satisfied all jurisdictional prerequisites to the filing of this suit.

25. Mr. Maloney led the Union during the periods covered by the initial and subsequent FEC enforcement matters through the Commission's filing of the complaint in federal court. In June 2024, after an election of officers for the Union, the Union's membership voted to replace Mr. Maloney with Mr. Tranberg as Business Manager, and Mr. Tranberg also replaced Mr. Maloney as PAC Treasurer.

26. Following the filing of this lawsuit, defendants conducted an internal investigation into the complaint's allegations. Since taking office, the Union's new Business

Manager, Mr. Tranberg, has worked with the Commission in good faith to resolve this matter and to bring the Union into compliance with the legal requirements.

27. Between May 17, 2019 and June 30, 2024, the Union itself, and acting as an agent of the PAC, caused members to have payroll deductions for contributions to the PAC. During this period, the PAC accepted contributions totaling approximately \$2.7 million made via payroll deduction. Of this amount, a total of approximately \$204,714 was raised prior to the Union obtaining a signed payroll deduction form from a particular member. In addition, the Union deducted approximately \$99,413 in contributions from Union members — including Mr. Baptiste — after they declined to participate in the payroll deduction program.

28. Among other things, the payroll deduction form used by the Union following the 2018 Conciliation Agreement included a recommended contribution amount, accompanied by statements that “[t]he recommended contribution amount listed above is merely a suggestion” and that “[t]he Union will not favor nor disfavor union members/employees according to pledged donations.” However, the form did not explicitly state “[t]hat an individual is free to contribute more or less than the guideline[] suggest[s],” 11 C.F.R. § 114.5(a)(2)(ii), nor did the form provide a designated space for a Union member to indicate an amount other than the recommended amount. *See* Advisory Opinion 2006-17 (Berkeley Electric Cooperative), 2006 WL 1787581 (June 23, 2006); Conciliation Agreement, Section IV ¶ 10.

29. Between May 17, 2019 and June 30, 2024, PAC made over \$400,000 in contributions to federal candidates and committees, including transfers.

30. After the effective date of the Conciliation Agreement, defendants violated Section VI ¶ 4 of the Conciliation Agreement by: (a) causing contributions to the PAC to be deducted from the pay of multiple members without first obtaining a signed payroll deduction

authorization form; (b) causing contributions to the PAC to be deducted from the pay of multiple members after those members affirmatively declined to participate in the payroll deduction program; and (c) by using a payroll deduction authorization form that did not state “[t]hat an individual is free to contribute more or less than the guideline[] suggest[s],” 11 C.F.R. § 114.5(a)(2)(ii), or provide a designated space for a member to indicate an amount other than the recommended amount.

31. After the effective date of the Conciliation Agreement, the Union itself, and acting as an agent of PAC, continued to use a reverse check-off system for PAC contributions from Union members and continued to deduct contributions from the payroll of members who had affirmatively declined to participate in the payroll deduction program; the PAC accepted such contributions; and the PAC itself, and acting as an agent of the Union, made contributions to federal political action committees. Because this constitutes violations of 52 U.S.C. § 30118(b)(3)(A), the Union and PAC have violated, in turn, Section VI ¶ 1 and ¶ 2 of the Conciliation Agreement, respectively.

32. After the effective date of the Conciliation Agreement, the Union has violated 52 U.S.C. § 30118(b)(3)(B)-(C) and 11 C.F.R. § 114.5(a)(2)-(5) by failing to provide the required notices when soliciting multiple Union members for contributions to PAC, which, in turn, violated Section VI ¶ 1 of the Conciliation Agreement.

33. Due to the Conciliation Agreement and filing of an administrative complaint in October 2019 involving substantially similar conduct, the Commission maintains that it could seek “knowing and willful” penalties for some or all of the violations alleged. *See* 52 U.S.C. § 30109(a)(6)(A), (C); 11 C.F.R. § 111.24(a)(2)(i).

34. Each party having considered the advantages and disadvantages of settlement versus continued litigation, as well as other factors such as deterrence and those identified in paragraph 8, the parties have negotiated and reached a compromise figure. The parties agree that a civil penalty of \$240,000 is an appropriate amount to resolve this litigation. The PAC will terminate its status as a federal separate segregated fund within 90 days after payment of all refunds and civil penalties.

35. Defendants Union and PAC shall also be subject to the declaratory and injunctive remedies described in the Consent Judgment.

36. The Court should enter the Consent Judgment.

37. The Commission, Union, and PAC waive all rights of appeal from the Consent Judgment. The Commission, Union, and PAC waive any and all claims for costs, attorney's fees, or other expenses related to or arising from the Commission's claims against Union and PAC in this litigation.

38. Defendants Union and PAC consent to the Court unsealing the attachments to the FEC's Sealed Motion for Leave to File Complaint Under Seal (ECF 4), specifically the complaint (ECF 4-1) and exhibits 2 through 7 thereto (ECF 4-2 – 4-7).

39. Payment of \$240,000 and the refunds by defendants Union and PAC will satisfy any and all of their liability, potential and actual, for any and all violations of the Federal Election Campaign Act alleged in this litigation and in MURs 7028 and 7664.

Respectfully submitted,

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