

Corporation Pays \$7,500 Fine for \$181.15 of Unauthorized Payroll Deductions

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A corporation will pay a \$7,500 civil fine for deducting \$181.15 in unauthorized political contributions to a labor union's PAC from workers' paychecks.

Corporations with a unionized workforce can process payroll deductions for contributions to the union's PAC, but employees must affirmatively authorize those deductions. In 2016, a pipeline worker alleged that he refused to authorize payroll deductions to his union's PAC, despite being erroneously told by a union steward that the deductions were mandatory. The worker later realized that contributions were nonetheless deducted from his paycheck by the liquid and gas pipeline contracting firm that was making deductions for the union's PAC during its payroll processing.

The pipeline worker asserted that he followed up with the union steward and the payroll manager when he realized the unauthorized political deductions were made. Both allegedly told him that the deductions were required and refused to take action to stop them. The union steward allegedly stated that the pipeline worker had to support the politicians of the local union's choice, and the payroll manager purportedly told the pipeline worker he could quit if he did not like the deductions.

In a conciliation agreement with the Federal Election Commission (FEC), the liquid and gas contracting firm acknowledged that it made unauthorized political contributions to the union's PAC of \$181.15 from a total of 13 employees, including the pipeline worker who first raised the issue.

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As explained in the conciliation agreement, the FEC found reason to believe that the liquid and gas contracting firm and the payroll manager violated federal law and FEC regulations by involuntarily withholding political contributions from employees' paychecks and threatening reprisal in response to the pipeline worker's objections. The allegations against the union steward and other respondents were dismissed.

Wiley's Election Law & Government Ethics group frequently counsels corporations on campaign finance requirements and best practices for compliance and represents clients before the FEC.