

October 20, 2011

Dear Pacifica National Board,

I am writing to bring a very serious financial situation to your attention. It is unusual for our Local to write directly to Pacifica's Board, but our Union has always recognized that the well-being of our members depends on the financial health of their employer, the Pacifica Foundation. Since you are the ones who are ultimately responsible (and liable) for the management of Pacifica's finances, you need to know what our Union has learned.

Last week, the union members we represent at KPFA received quarterly statements from ING, the company that manages their 403(b) retirement accounts. These statements indicate that Pacifica has skipped making payments into those retirement accounts for three of the last six pay periods.

Some of our workers voluntarily choose to withhold extra dollars per month (some \$100.00 or more) from their paychecks so that it can be deposited in these tax-deferred retirement accounts. From what we can tell, Pacifica has deducted the correct amount from their paychecks. However, they did not deposit that amount in each employee's retirement account. Pacifica is holding on to it, and in some instances appears to be trying to play "make-up" at a later date.

This is a form of wage theft, and it is a very serious matter. The Employee Retirement Investment Security Act (ERISA) imposes strict timetables for depositing money into 403(b) accounts, and automatic penalties for breaking them.

The scope of this problem is large: We have seen this pattern for every employee whose records we have been able to check. With employees who've maintained good filing systems, we've been able to identify similar problems as far back as a year and a half ago. And it is our understanding that Pacifica provides the same 403(b) plan to employees network-wide -- which means this may be a problem that affects every Pacifica station.

On Friday, October 14th, I called Arlene Engelhardt and LaVarn Williams to alert them to this situation. They said they would investigate. I have not heard back from them since.

On Tuesday, a Union member at KPFA and a shop steward at KPFA went to Pacifica's offices to request access to financial records for a separate pension fund maintained by Pacifica -- the "Pacifica Foundation Retirement Plan". As pension beneficiaries, their right to inspect these records is protected under ERISA, and spelled out in the Summary Plan Description that is supposed to be distributed to all employees.

A Pacifica staff member appropriately provided them with financial records from the plan, including audited financial statements and IRS filings. That night, Arlene Engelhardt sent both of them an email ordering them to return all documents (appended below). A few hours later, KPFA General Manager Andrew Phillips sent them both an email threatening legal action if they shared these documents (appended at bottom).

[CONTINUED ON PAGE 2]

To be clear, I'm not asking you to intervene on behalf of those employees. Our Union will protect their rights through the normal channels. Rather, I'm writing to you, as fiduciaries of the Pacifica Foundation, because what we are dealing with is looking less like an error and more like a pattern: Missing payments, lack of transparency, hostility to employees who ask financial questions, unwillingness to release basic financial documents. These are classic warning signs of financial mismanagement and/or internal fraud. As a paid subscriber of KPFA for many years, I hope they are warning signs that you will take seriously.

Sincerely,

Christina B Huggins
1st Executive Vice President
CWA Local 9415
1831 Park Blvd.
Oakland, CA 94606
(510) 834-9415