FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1040

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John N. Obel

943499

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CLERK INITIALS

MUK 1040 - Federman

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1. ARTICLE ADDRESSED TO

Robert J. Canning

2. ARTICLE DESCRIPTION

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943493

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I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

D. Goldewska

4. DATE OF DELIVERY

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6. UNABLE TO DELIVER BECAUSE

CLERK'S INITIALS

RETURN RECEIPT REGISTERED INSURED AND CERTIFIED MAIL

MUK 1040 - Federman

W. Wackino

943501

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CLERK'S INITIALS

REGISTERED MAIL

GPO 1978-272-382

MUK 1040 - Federman

Dale Van Winkle

943495

DEC 6 1979

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UNABLE TO DELIVER BECAUSE

CLERK'S INITIALS

REGISTERED MAIL

GPO: 1978-272-382

MUK 1040 - Federman

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Donald P. Malloch, Treasurer
Dart Political Action Committee
8480 Beverly Blvd.
Los Angeles, California 90048

RE MUR 1040

Dear Mr. Malloch:

The Commission has determined that on the basis of the information in the complaint filed against your committee and others, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

cc: Roger Warin

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert J. Canning, Treasurer
Non-Partisan Political Support Committee
3135 Easton Turnpike
Fairfield, Connecticut 06431

RE: MUR 1040

Dear Mr. Canning:

The Commission has determined that on the basis of the information in the complaint filed against your committee and others, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

cc: Roger Warin

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Diane V. Brown, Treasurer
Voluntary Contributors for Better Government
1620 Eye Street, N.W. #700
Washington, D.C. 20006

RE: MUR 1040

Dear Ms. Brown:

The Commission has determined that on the basis of the information in the complaint filed against your committee and others, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

cc: Roger Warin

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dale Van Winkle, Treasurer
United Technologies Corporation Political Action Committee
United Technologies Building
Hartford, Connecticut 06101

RE: MUR 1040

Dear Mr. Van Winkle:

The Commission has determined that on the basis of the information in the complaint filed against your committee and others, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

cc: Roger Warin

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

H. E. Rudy, Treasurer
Eaton Public Policy Association
100 Erieview Plaza
Cleveland, Ohio 44114

RE: MUR 1040

Dear Mr. Rudy:

The Commission has determined that on the basis of the information in the complaint filed against your committee and others which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

cc: Roger Warin
Linda Gillespie

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

B. L. Redwine, Treasurer
Sunbelt Good Government Committee
5050 Edgewood Court
P. O. Box B
Jacksonville, Florida 32205

RE: MUR 1040

Dear Mr. Redwine

The Commission has determined that on the basis of the information in the complaint filed against your committee and others, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

cc: Roger Warin

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John M. Abel, Treasurer
Political Awareness Fund
461 South Boylston Street
Room M-01
Los Angeles, California 90017

RE: MUR 1040

Dear Mr. Abel:

The Commission has determined that on the basis of the information in the complaint filed against your committee and others, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

R. F. McAnanly, Treasurer
Union Camp Political Action Committee
1600 Valley Road
Wayne, New Jersey 07470

RE: MUR 1040

Dear Mr. McAnanly:

The Commission has determined that on the basis of the information in the complaint filed against your committee and others, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

W. Wachino, Treasurer
Grumman Political Action Committee
1111 Stewart Avenue
Bethpage, New York 11714

RE: MUR 1040

Dear Mr. Wachino:

The Commission has determined that on the basis of the information in the complaint filed against your committee and others, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Joseph J. Pero, Treasurer
3044 West Grand Boulevard
Civic Involvement Program
Detroit, Michigan 48202

RE: MUR 1040

Dear Mr. Pero:

The Commission has determined that on the basis of the information in the complaint filed against your committee and others, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Douglas R. Cannon, Treasurer
Amoco Political Action Committee
200 East Randolph Drive, M.C. 3704
Chicago, Illinois 60601

RE: MUR 1040

Dear Mr. Cannon:

The Commission has determined that on the basis of the information in the complaint filed against your committee and others, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 18, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. William Winpisinger
President
International Association of Machinists
and Aerospace Workers
1300 Connecticut Avenue, N.W.
Wshington, D.C. 20036

RE: MUR 1040

Dear Mr. Winpisinger:

The Federal Election Commission has reviewed the allegations of your complaint dated October 4, 1979 and determined that on the basis of the information provided in your complaint, there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, ("the Act") has been committed.

Accordingly, upon my recommendation, the Commission has decided to close the file in this matter.

Should additional information come to your attention which you believe establishes a violation of the Act, please contact me. The file reference number for this matter is MUR 1040.

Sincerely,

Charles N. Steele
General Counsel

[illegible]

[illegible]

[illegible]

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Dart Industries,	)	
Eaton Corporation,	)	
General Electric,	)	
General Motors,	)	MUR 1040
Grumman Corporation,	)	
International Paper,	)	
Standard Oil of Indiana,	)	
Union Camp,	)	
Union Oil,	)	
United Technologies,	)	
Winn-Dixie	)	

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on December 13, 1979, do hereby certify that the Commission determined by a vote of 4-0 to find no reason to believe the respondents have violated the Federal Election Campaign Act, and close the file in the above-captioned matter.

Commissioners Friedersdorf, McGarry, Reiche, and Tiernan voted affirmatively for the above determination; Commissioner Harris recused; Commissioner Aikens was not present during consideration of this matter.

Accordingly, the file in this matter has been closed.

Attest:

12/14/79
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

EXECUTIVE SESSION
December 13, 1979

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL BY OGC TO THE COMMISSION 12-7-79

MUR # 1040
DATE COMPLAINT RECEIVED BY OGC 10/9/79

STAFF MEMBER Federman

COMPLAINANT'S NAME: International Association of Machinists, et al.[1/]

RESPONDENT'S NAME: Corporations and Associated Separate Segregated Funds.[2/]

RELEVANT STATUTE: 2 U.S.C. §441b

INTERNAL REPORTS CHECKED: Reports of Receipts and Expenditures

FEDERAL AGENCIES CHECKED: None

SUMMARY OF ALLEGATIONS

The International Association of Machinists and others filed the attached complaint with the Commission pursuant to 2 U.S.C. § 437g(a)(1). The complaint alleges that solicitations by corporations for contributions to their separate segregated funds violate 2 U.S.C. § 441b(b)(3)(A).

The complaint does not allege specific examples of corporate solicitations which included actual or apparent threats of physical force, job discrimination, or financial reprisal in violation of 2 U.S.C. § 441b(b)(3)(A); nor violations of 2 U.S.C. § 441b(b)(3)(B)'s requirement that the solicitation inform the solicitee, at the time of the solicitation, of the political purposes of the separate segregated fund; nor violations of 2 U.S.C. § 441b(b)(3)(C) which

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1/ The complaint lists as complainants: International Association of Machinists, William Winpisinger, President, designated as "union complainants;" Anne S. Morrison, Alan B. Morrison, and Eugene Glover, designated as "stockholder complainants;" Judy Reardon and Rebecca J. Ward, designated as "citizen complainants."

2/ The complaint names as specific respondents: Dart Industries, Eaton Corporation, General Electric, General Motors, Grumman Corporation, International Paper, Standard Oil of Indiana, Union Camp, Union Oil, United Technologies, and Winn-Dixie.

requires that the solicitee be informed, at the time of the solicitation, of his/her right to refuse to contribute without reprisal. Rather, the complaint alleges that corporate solicitations of "mid-level career managers and professionals" for contributions to separate segregated funds are inherently coercive, resulting in non-voluntary "contributions" in violation of 2 U.S.C. § 441b. 3/

PRELIMINARY LEGAL ANALYSIS

A. Introduction

Complainants' argument that corporate solicitations of non-unionized employees for contributions to separate segregated funds are inherently coercive, resulting in non-voluntary "contributions," is based upon the following observations.

(1) Corporations solicit mid-level career employees who are not members of labor organizations or covered by contract;

(2) Solicitation of these employees is sometimes in person and sometimes by a supervisor and the anonymity of contributors is not protected;

(3) Solicited employees are not permitted to designate, either by party or by candidate, the ultimate recipient of their contributions to the separate segregated funds; contributions made by corporate separate segregated funds are not always to candidates of the same political party as the solicited employees, and are often to federal candidates running in other states than the state where the solicited employees reside; and it appears that corporate separate segregated funds are "orchestrating" the amounts of employee contributions;

(4) Few employees decline to contribute and their contributions are usually in amounts which the complainants describe as "beyond normal political giving."

3/ Alternatively, the complaint alleges that if the corporations' solicitations do not violate 2 U.S.C. § 441b, then that provision is unconstitutional either because it sanctions coerced political contributions in violation of the First Amendment or because it discriminates against unions in favor of corporations in violation of the Fifth Amendment, by allowing corporate solicitations of both stockholders and executive and administrative employees while limiting labor organizations' solicitations to members; or because it violates the First Amendment rights of stockholders by allowing corporate treasury funds to be used to establish and support separate segregated funds.

For reasons discussed, intra, the Office of General Counsel recommends that the Commission find no reason to believe that the corporate separate segregated funds may have violated the Act, 2 U.S.C. § 441b, since it appears that even assuming that the above factual allegations are true and accurate descriptions of corporate solicitations, they do not, standing alone, state a violation of the Act.

B. Legal Framework

Corporate contributions in connection with federal elections have been prohibited by federal statute since 1907. 4/ In 1971, however, Congress enacted an exception to this ban on corporate (and labor organizations') contributions allowing general treasury funds to be used to establish and support a "separate segregated fund for political purposes." Now codified at 2 U.S.C. § 441b(b)(2)(C).

These separate segregated funds of corporations are permitted to solicit contributions from their stockholders, executive and administrative personnel, and their families. 2 U.S.C. § 441b(b)(4)(A)(i). However, the Act sets out three requirements for the solicitation of contributions from employees. 2 U.S.C. § 441b(b)(3) states:

> (3) It shall be unlawful --
>
> (A) for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a condition of membership in a labor organization or as a condition of employment, or by monies obtained in any commercial transaction;

4/ In 1907, Congress enacted the Tillman Act, 34 Stat. 864. This law prohibited corporations from making "money contributions" in connection with federal elections. In 1925 the Tillman Act was expanded to include all contributions and was incorporated into the Federal Corrupt Practices Act, 43 Stat. 1070. In 1943 the prohibitions were temporarily extended to labor organizations by the War Labor Disputes Act, 57 Stat. 163. Congress permanently extended the statutory provisions to labor organizations by the Labor Management Relations Act (Taft-Hartley) of 1947, 61 Stat. 159., and broadened the prohibition to include expenditures as well as contributions. In 1948, the prohibition was re-enacted, without substantive change, as 18 U.S.C. § 610, 62 Stat. 723. The Federal Election Campaign Act of 1971, 86 Stat. 3, added a number of subsections to 18 U.S.C. § 610, and the 1976 FECA amendments, 90 Stat. 475, amended and recodified the provision as 2 U.S.C. § 441b. The history of 18 U.S.C. § 610 prior to its amendment by section 205 of FECA of 1971 is set forth in United States v. International Union United Automobile, Aircraft and Agricultural Implement Workers of America, 352 U.S. 567 (1957). The history of the 1971 amendments is discussed in some detail in Pipefitters Local No. 562 v. United States 407 U.S. 385 (1972).

> (B) for any person soliciting an employee for a contribution to such a fund to fail to inform such employee of the political purposes of such fund at the time of such solicitation; and
>
> (C) for any person soliciting an employee for a contribution to such a fund to fail to inform such employee, at the time of such solicitation, of his right to refuse to so contribute without any reprisal.

Sections (B) and (C), in large part, codify the Supreme Court's concern that contributions to separate segregated funds be "knowing, free choice donations." Pipefitters Local No. 562 v. United States 407 U.S. 385, 414 (1972) (hereinafter "Pipefitters"). In the opinion, the court stated that the determinative factor in complying with the "knowing, free choice" standard is "whether the solicitation scheme is designed to inform the individual solicited of the political nature of the fund and his freedom to refuse [support]" Pipefitters at 415. The Court also interpreted 2 U.S.C. § 441b(b)(3)(A) to encompass apparent as well as actual threats and effective as well as actual dues or assessments. Pipefitters at 427. The allegations made in the instant complaint, therefore, should be analyzed within the framework of the Supreme Court's interpretation of 2 U.S.C. § 441b (b)(3)(A).

As the following discussion will show, none of the complainants' observations evidence unlawful solicitations by corporations to their separate segregated funds. Rather, the analysis of the observations reveals that corporate separate segregated funds are operating within the limits of the Act as interpreted by the Supreme Court in Pipefitters.

C. Analysis of Allegations

In order to facilitate the analysis of the allegations in this complaint, each will be discussed separately.

(1) Corporations solicit mid-level career employees who are not members of labor organizations or covered by contract;

Complainants allege that the solicitation of mid-level career employees evidences inherent coercion in that

> Such employees are totally dependent on the good will of the corporation for promotion, raises, and continued employment security. In this situation the desire to demonstrate loyalty and concern for the well-being of the corporation is strong incentive to respond to any contribution request.

Complaint, p. 16.

2 U.S.C. § 441b(b)(4)(A)(i) permits corporate separate segregated funds to solicit contributions from the corporation's "stockholders and their families and its executive or administrative personnel and their families."

It is not alleged that the employees are not "executive or administrative personnel." In fact, it is implicitly acknowleged that mid-level career employees are part of the administrative or executive group. Complaint, p. 32, n.15.

Since the Act clearly permits corporate separate segregated funds to solicit such employees the fact that they do so does not give rise to a possible violation of the Act. As long as the persons being solicited are proper solicitees, there is nothing in the Act or the regulations which would limit the separate segregated funds' lawful solicitation of those employees.5/ The separate segregated funds are free to solicit some, all, or none of their eligible solicitees. 6/

(2) Solicitation of mid-level career employees is sometimes in person and sometimes by a supervisor and the anonymity of contributors is not protected;

Neither the Act and regulations nor the case law prohibit supervisor solicitation of subordinates. In fact, it appears to be implicitly permitted. The Supreme Court in Pipefitters stated:

> We hold, too, that although solicitation by union officials is permissible, such solicitation must be conducted under circumstances plainly indicating that donations are for a political purpose and that those solicited may decline to contribute without loss of job, union membership, or any other [reprisal].

Pipefitters at 414.

5/ Of course, the separate segregated funds would be subject to the requirements of 2 U.S.C. § 441b(b)(3)(A), (B) and (C).

6/ The following discourse from the Senate debate on the 1976 amendments confirms the unlimited nature of such solicitation:

> Mr. CANNON. It does not make a limitation. So that a corporation, for example, or a separate segregated fund established by a corporation could solicit its stockholders and their families and its executive and administrative personnel and their families at any time and in any fashion they saw fit.
>
> Mr. PACKWOOD. And as many times as they want, to their hearts content?
>
> Mr. CANNON. That is right. The same applies to a labor organization and its members and their families.
>
> . . .

122 Cong. Rec. 7894 (1976)

In addition, Congress considered a provision prohibiting supervisor solicitation of a subordinate, but rejected its insertion. 7/ Moreover, the Commission in its transmission of the proposed regulations to the Congress, has expressly approved the solicitation of subordinates by supervisors:

> It is the Commission's opinion that a supervisor may, subject to the requirement of this subsection, solicit a subordinate. This opinion is based on the decision in Pipefitters and the conferees rejection of the Senate bill which would have prohibited such solicitation. 8/

In the absence of allegations regarding coercive circumstances in which the supervisor's solicitation took place, such solicitations are contemplated by the Act, its legislative history and its interpretation by the Supreme Court. 9/

7/ The Senate version of the 1976 amendments included such a provision, but it was deleted in conference. 122 Cong. Rec. 7928 (1976).

8/ H.R. Doc. No. 95-44, 95th Cong. 1st Sess. 107. (1977). Complainants specifically allege that Justin Dart, the Chief Executive of Dart Industries, solicits employees. However, no circumstances surrounding his solicitations are alleged. The Wall Street Journal article from which the allegation is drawn, states: "Mr. Dart raises money for his company's political fund by writing personal letters to his executives. 'If they don't give, they get a sell'". Wall Street Journal, August 15, 1978 at 1.

There could be circumstances in which a supervisor's solicitation of a subordinate was coercive. However, in and of itself, such a solicitation would not be coercive within the meaning of the Act.

9/ Congressman Hansen's comments regarding the provision which became 2 U.S.C. §441b(b)(3)(A) underscore the concern of possible coercion resulting from such solicitations, noting, however, that the mental reaction of the solicitee could not be controlled. "The essential prerequisite for the validity of such political funds is that the contributions to them be voluntary. For that reason the final section of this amendment makes it a violation of section 610 to use physical force, job discrimination, financial reprisals or the threat thereof, in seeking contributions. This is intended to insure that a solicitor for COPE or BIPAC cannot abuse his organizational authority in seeking political contributions. Of course, nothing can completely erase some residual effects on this score, any more than the law can control the mental reaction of a businessman asked for a contribution by an individual who happens to be his banker, or of a farmer approached by the head of his local farm organization. The proper approach, and the one adopted here, is to provide the strong assurance that a refusal, to contribute will not lead to reprisals and to leave the rest to the independence and good sense of each individual." 117 Cong. Rec. 43381, (1971). (Emphasis added).

The lack of anonymity provided to contributors and non-contributors poses somewhat different considerations than those of supervisor solicitations. The problem of contributor identification was recognized by Congress 10/ as having possible coercive effects and resulted in the enactment of 2 U.S.C. §441b(b)(4)(B) which requires provisions for the anonymity of contributions in amounts of $50 or less. Congress's concern, however, was focused on the twice-yearly cross-solicitations, i.e., solicitation by corporations of labor organization members and by labor organizations of corporate employees and stockholders, and did not touch on the unlimited permissible solicitations by unions of their members and by corporations of their stockholders and executive and administrative personnel. It is evident, therefore, that had Congress desired to insert a similar provision for general solicitations by corporation separate segregated funds of the corporation's stockholders and administrative and executive personnel, it presumably would have done so. Therefore, Congress, by negative implication, has not required separate segregated funds to provide for the anonymity of their contributors and non-contributors.11/ Even if the Commission should determine that the lack of anonymity could create a coercive climate, the record-keeping and reporting requirements of the Act 2 U.S.C. §432 and §434(b) would conflict with any proposed anonymity requirement. 12/

Although possibly mid-level career employees could feel some pressure from supervisor solicitations and the lack of anonymity, neither factor would, in the absence of otherwise coercive circumstances, constitute a violation of the solicitation requirements of the Act. The solicitation scheme as drafted by Congress and interpreted by the Supreme Court in Pipefitters clearly envisages solicitations by supervisors and does not require any provisions to be made for anonymity.

10/ 122 Cong. Rec. 7894-7896 (1976).

11/ The provision of the regulations, 11 C.F.R. §114.5(k)(i), permitting payroll deduction, check-off plans or other plans which deduct contributions from the dividends or payroll checks of stockholders or executive or administrative personnel, further indicates that anonymity in the context of the unlimited solicitations of the stockholders and the executive and administrative personnel of corporations by their separate segregated funds, was not a concern. It is evident that such methods easily make accessible the names of those persons who contribute and those who do not. See H.R. Doc. 95-44, 95th Cong., 1st Sess. 110 (1977).

12/ Thus, in the context of the twice-yearly cross-solicitations, Congress was only able to insure the anonymity of contributions in amounts of $50 or less. Had Congress chosen to require such anonymity for the general solicitations, corporate separate segregated funds, by a process of elimination, would still have the knowledge of those who gave in amounts of $50 or less.

(3) Solicited employees are not permitted to designate, either by party or by candidate, the ultimate recipient of their contributions to the separate segregated funds; contributions made by corporate separate segregated funds are not always to candidates of the same political party as the solicited employees, and are often to federal candidates running in other states than the state where the solicited employees reside; and it appears that corporate separate segregated funds are "orchestrating" the amounts of employee contributions.

From these observations, complainants conclude that logically employees would not voluntarily contribute to candidates of a different party affiliation or to candidates outside their home jurisdictions, or in general to a separate segregated fund whose activities may support candidates or causes outside of their individual preference. Therefore, according to complainants, many of the contributions from employees must be the result of coercion by the corporations. Complainants, however, neglect a very possible interpretation of these observations. Although, these observations might be reasons for an employee not to contribute, (and complainants state that 30% do not), they might be the precise reasons why employees do contribute. The employee is certainly free to contribute to those candidates whom he/she supports, as an individual; he can also decide to support candidates through the separate segregated funds whom his corporation believes will support the interests which the corporation considers important.

Although the activities described above might constitute reasons for employees to or not to contribute, it is clear that these activities are a permissible exercise of the corporations' control over their separate segregated funds. The Supreme Court in Pipefitters stated that

> [Such] a fund must be separate from the sponsoring union only in the sense that there must be a strict segregation of its monies from union dues and assessments.

Pipefitters at 414,

The court continued,

> Nowhere, however, has Congress required that the political organization be formally or functionally independent of union control or that union officials be barred from soliciting contributions or even determining how the monies raised will be spent.

Pipefitters at 415.

The Commission's regulations reflect the Supreme Court's opinion that a corporation is permitted to exercise control over its separate segregated fund. 11 C.F.R. §114.5(d). In the explanation of that section, the Commission stated:

> A corporation, labor organization, membership organization, cooperative, or corporation without capital stock may direct the disbursement of the voluntary contributions to its separate segregated fund, including the determination of the candidates to whom the contributions are made. Pipefitters v. U.S., supra, 407 U.S. at 425, 92 S. Ct. at 270.

H.R. Doc. 95-44, 95th Cong., 1st Sess., 108 (1977).

Pipefitters also supports the application of Commission Regulation 11 C.F.R. §114.5(a)(2) permitting corporate establishment of guidelines for contributions so long as these guidelines are "merely suggestions" and individuals are "free to contribute more or less than the guidelines suggest." As noted, the complainants allege that "the corporations are regimenting and orchestrating the amounts of employee 'voluntary' donations". However, the statistics cited by complainants show that, although for some corporations contributions cluster around a range, there does not appear to be a set pattern or set amount to which contributions are held nor do any of the corporations appear to be enforcing any such contribution regimentation. 13/

The concern of the Congress and the Supreme Court was to insure that funds were the result of voluntary contributions. As long as the requirement of complete separation of funds was met, the separate segregated funds would be free to exercise total control over the disposition of the funds. Pipefitters at 426.

These observations cited by the complainants indicate that the corporate separate segregated funds are operating in a fashion permitted by the Act. Whether there are reasons for an employee to contribute or not to contribute, they do not demonstrate in any way that those employees who do contribute, do so involuntarily. Corporate and labor control over the disposition of the funds contributed to their separate segregated funds was clearly contemplated by the Act, its legislative history, and judicial interpretation.

13/ For instance, 61% of General Electrics' itemized contributors, holding mid-level managerial and professional positions contributed in amounts within the range of $150-$300. 37% of those contributors contributed in amounts less than the range, while 3% contributed in amounts above it.

(4) Few employees decline to contribute and their contributions are usually in amounts which the complainants describe as "beyond normal political giving."

Complainants state that the contributions from the "mid-level career employees" are "entirely beyond normal political contributions." Complaint, p. 19. It is stated that the average itemized contribution by those employees to the separate segregated funds ranges from $116 to $338. Complaint, p. 20. This range of contributions is then compared to a "national average annual personal contribution" of $16. Complaint, p. 20. No basis for this $16 figure is provided.14/ In addition, the use of such a broad, all-encompassing statistic in comparison with the very specific and narrow statistic given for the mid-level corporate employees is simplistic, as it does not account, in any way, for the numerous factors, such as income and education level, which could explain different contribution levels. Moreover, as only contributions in excess of $100 need be itemized, 2 U.S.C. §434(b)(2), it is neither significant nor surprising that the average itemized contribution is in excess of $100. Moreover, complainants do not provide any figure for an average contribution which would account for both itemized and unitemized contributions. Therefore, the comparison between the cited $16 average annual personal political contribution and the $116 to $338 average itemized separate segregated funds contribution does not yield any meaningful interence.15/

Perhaps one observation asserted in the complaint which could be probative of coercive solicitation circumstances is the participation rate of employees in the separate segregated funds.16/

14/ This $16 figure is suspect. It was obtained through a telephone conversation with a political fundraiser. Complaint, p. 19, n. 11.

15/ Even if the statistics were meaningful, and it was proven that mid-level career employees do contribute in amounts greater than "normal" contributions, complainants state no basis or rationale for their assertion that such a situation evidences coercive solicitations. In fact, mid-level career employees might be in the higher income brackets, which would enable them to contribute more.
Moreover, the $116 to $338 range of contributions cited is well within permissible contribution limits. 2 U.S.C. §441a.

16/ Although statistics in and of themselves are not probative of coercion, they are useful evidence. Statistics for participation rates have been cited in both Pipefitters and FEC v. NEA, 457 F. Supp. 1102 (D.D.C. 1977) (Reverse check-off held illegal). In Pipefitters, a low participation rate was cited as evidencing the successful informing of union members that donations were not mandatory. Pipefitters at 418, n. 30. In FEC v. NEA a high rate (91.5%) was cited as indicating unknowing participation. FEC v. NEA, supra at 1108.

If the complaint demonstrated an extremely high rate of participation, this might be sufficient to warrant an investigation, although the statistics would not be determinative of inherent coercion.

Complainants do not cite response rate figures for four of the eleven PACs. Participation rate figures from the corporate officers and vice-presidents listed in Standard and Poor's 1978 Register are cited for Winn-Dixie (80%), Dart Industries (95%), Standard Oil of Indiana (85%), Union Camp (71%), and General Electric (78%). However, no participation rates are given for any of these companies' "unprotected mid-level career employees." Citing a Tykes Research Associates' survey, complainants state that 71% of Eaton Corporation's targeted "Incentive Compensation Managers" at various plant locations participated in the separate segregated funds. Again citing the Tykes' Research Associates' survey, Complainants submit statistics for United Technologies Corporation showing that participation by all eligible employees is 11%, while 95% of those corporate officers and vice-presidents listed in Standard and Poor's participate. 17/

From these statistics, complainants allege that the participation rate of all employees solicited is 70% or higher. Complaint, p. 21. As is evident from the statistics given for each corporate separate segregated fund involved, the 70% or higher figure is not substantiated. In fact, the only total figure of mid-level employees solicited is Eaton's 70% figure, which is from the group of targeted "Incentive Compensation Managers," while the other figures cited are for corporate officers and vice-presidents. Complainants presumably imply that the response rates for corporate officers and vice-presidents indicate a similar response rate for the mid-level group. However, the 11% participation rate for United Technologies, considered with its 95% participation rate among its corporate officers and vice-presidents would indicate that there is not necessarily such a correlation. In addition, the high rates for corporate officers, together with the 70% alleged rate for mid-level employees, seems to undercut complainants' assertion that mid-level employees are particularly susceptible to the inherent coercion of being solicited.

Moreover, assuming the 70% overall corporate PAC participation rate is accurate, it also means that 30% of all those solicited refuse to contribute. The fact that such a large number of mid-level career employees would refuse to contribute indicates that they were successfully informed of their right to refuse without reprisal. See Pipefitters at 418, n. 30.

17/ The statistics state the total response rate for all eligible employees. It is not known whether the term "eligible employees" includes those solicited through twice-yearly cross-solicitations.

D. Constitutional Issues

If the Commission determines that the solicitation activities complained against are permissible under the Act, then complainants assert that the Act's provisions prohibiting contributions and expenditures by labor organizations, 2 U.S.C. §441b(a), and permitting corporate financing of the operating costs of separate segregated funds, 2 U.S.C. §441b(b)(2)(C) are unconstitutional. Complaint, p. 36-42.

The thrust of complainants' arguments in this regard seem to be that, by being able to solicit contributions from the mid-level career group, corporations are in reality, permitted to make direct contributions. Corporations, therefore, are given an unfair advantage over labor organizations and as such, the Act unconstitutionally discriminates against labor organizations. The provisions permitting corporate financing of the operating costs of a separate segregated fund would then, in turn, violate the constitutional rights of stockholders.

The provisions of 2 U.S.C. §441b were carefully drawn in a parallel fashion to balance the interests and rights of corporations and labor organizations. Those activities permitted to corporations are also permitted to labor organizations e.g., 2 U.S.C. §441b(b)(5), while those activities prohibited for corporations are also prohibited for labor organizations, e.g., 2 U.S.C. §441b(a).

With regard to the provision permitting the operating costs of separate segregated funds to be financed through corporate or labor organization treasury funds, the Congress was striking a balance between the group interest of the corporation or labor organization as a whole and the interests of stockholders or labor organization members as individuals. In carving out the exception permitting the financing of operating costs of separate segregated funds from corporate or labor organization treasuries, Congress determined that the group interests predominated. Pipefitters, at 430, n. 42. As noted above, the provision was carefully drawn to apply equally to corporations and labor organizations.

Although courts have not ruled on the specific constitutional arguments raised by the complainants in this matter, they have upheld the constitutionality of the prohibitions on corporate and labor organization contributions and expenditures on numerous occasions. United States v. Chestnut, 533 F. 2d 40, 51 n.12 (2d Cir. 1976), cert. denied, 429 U.S. 829 (1976); United States v. Boyle, 482 F.2d 755 (D.C. Cir. 1973), cert. denied, 414 U.S. 1076 (1973); Pipefitters, 434 F.2d 1116 (8th Cir. 1970), adhered to en banc 434 F.2d 1127, rev'd on other grounds, 407 U.S. 385 (1972); United States v. Lewis Food Co., 366 F.2d 710 (9th Cir. 1966), rev'g, 236 F. Supp. 504; Federal Election Commission v. National Education Association, 457

F. Supp. 1102 (D.D.C. 1978); Federal Election Comission v. Weinstein, 462 F. supp. 243 (S.D.N.Y. 1978); Schwartz v. Romnes, 357 F. Supp. 30, 36 (S.D.N.Y. 1973), rev'd on other grounds, 495 F. 2d 844 (2d Cir. 1974); United States v. Brewers' Association, 239 F. 163 (W.D.Pa. 1916). Each of these courts has recognized that Congress has legitimate and constitutionally sufficient reasons to regulate the participation of corporate entities and labor organizations in connection with federal elections.

CONCLUSION

Complainants allege that the solicitation of mid-level career employees by corporate separate segregated funds is inherently coercive and thus, violative of 2 U.S.C. § 441b(b)(3)(A) which prohibits the use of involuntary contributions.

Essentially complainants' argument is to have the Commission construe the statute as requiring additional protection for a particular class of corporate employees - those executive and administrative personnel not in top-management, but at mid-level.

When Congress drafted the 1976 amendments to permit solicitation of these particular employees, it provided no such protection; indeed, the statute's disclosure requirements, the enactment of protections for lower level employees, and the conference rejection of a prohibition against supervisor solicitation support the conclusion that Congress did not intend to include such protection.

The Commission is, of course, charged with the responsibility of assuring that contributions to separate segregated funds are, in fact, voluntary. The Supreme Court has made clear that that protection has underlying constitutional dimensions, for the right to abstain from giving, and to have a meaningful opportunity to abstain without having to justify that position. See Pipefitters; Abood v. Detroit Board of Education, 431 U.S. 209 (1977). The Commission's responsibility to assure that contributions to separate segregated funds are voluntary certainly permits it, by general regulation, to prohibit systems of collection which infringe on those rights. See e.g. 11 C.F.R. § 114.5(a)(1).

However, complainants are not alleging that a particular system of solicitation is coercive, but rather that the act of solicitation of corporate mid-level career employees is inherently coercive. Under the statutory scheme, legislative history and judicial interpretation, all the activities which complainants allege evidence coercive solicitations are permissible. In

essence, complainants would have the Commission interpret the statute in a manner which would seem to be beyond the Commission's power. Without explicit statutory or regulatory changes, the Commission should conclude that there is no reason to believe the Act has been violated by the practices charged.

Recommendation

1. Find no reason to believe respondents have violated the Act.

2. Close the file.

Attachments
- Complaint
- Memorandum submitted by respondent
- Letters

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BEFORE THE FEDERAL ELECTION COMMISSION
WASHINGTON, D. C.

COMPLAINT AGAINST OPERATIONS OF CORPORATE POLITICAL ACTION COMMITTEES, INCLUDING:

DART INDUSTRIES
EATON CORPORATION
GENERAL ELECTRIC
GENERAL MOTORS
GRUMMAN CORPORATION
INTERNATIONAL PAPER
UNION CAMP
UNION OIL
UNITED TECHNOLOGIES
WINN-DIXIE

Pursuant to 2 U.S.C. §437 g (a)(1), union complainants (International Association of Machinists and its President William Winpisinger), stockholder complaintants (Anne S. and Alan B. Morrison and Gene Glover), and citizen complainants (Judy Reardon and Rebecca J. Ward), assert that the Federal Election Law and Federal Constitutional guarantees are being violated by the operations of corporate Political Action Committees, including those of Dart Industries, Eaton Corporation, General Electric, General Motors, Grumman Corporation, International Paper, Standard Oil of Indiana, Union Camp, Union Oil, United Technologies, and Winn-Dixie. The basis for this Complaint is set forth in the following presentation and attachments.

International Association of Machinists

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contributions also closed, corporations moved to preserve their role and influence in federal elections by a back door method which has proved immensely successful. Seizing upon a "separate fund" exception Congress adopted in 1971, they began soliciting their own career employees -- who have no job protection and whose job prospects and advancement are entirely dependent upon employer good will -- to contribute to a corporation political action committee, which then takes the donated amounts and contributes them to federal candidates. After 1971, and particularly when this Commission in 1975 approved this device, there was an immediate and rapid proliferation of corporate PACs. In 1974 there were 89 corporate PACs in operation; in 1975 there were 139; by the 1976 elections the number had risen to 450; and by the 1978 elections there were no less than 812 corporate PACs operating with employee-donated "voluntary' contributions which provided corporations a 17 million dollar elections-contributions fund.

In 1976, Congress expressed its concern about the burgeoning phenomenon of corporate Political Action Committees operating from employee contributions, by placing restrictions on their operations. Under section 441b(b)(4)(B), adopted as part of the 1976 amendments, unionized employees are permitted to be solicited by their employer only twice a year by mail, and under protected conditions of anonymity. Non-unionized employees who fall within the category "executive and administrative personnel" are permitted to be solicited without such restrictions, but the voluntary character of their donations is still intended to be secured by the statute's provision (id.) barring any employment coercion or threat which obtains donations from employees "by physical force, job discrimination, [or] financial reprisals...."

When Congress adopted these provisions there were warnings that vulnerable corporate employees without contractual job

INTRODUCTION

In 1907 the Congress, alarmed at the political consequences of massive corporate political donations to federal elections, outlawed any corporate contributions or expenditures in connection with a federal election.[1/] Subsequent experience proved that the statute had little practical effect. The Senate investigations by the Gore subcommittee in the 1950's showed that there remained a massive imbalance in the funding of federal elections, an imbalance advantaging corporate interests because of the disproportionate influence of private wealth in federal elections. Corporate owners, directors and officials, and their families, remained free to pour massive contributions into federal elections, and they did so. The Gore Committee's report, 1956 General Elections Campaigns, Report of Subcommittee on Privileges and Elections, 84th Cong. 1st Sess. (1957) p.3, found "heavy campaign expenditures by persons affiliated with big business, and large vested interests...largely to Republican committees and candidates..." The Report pointed out (id.) that the contributions "made by the officers and the directors of 225 of our largest corporations totaled $1,816,597 to the candidates and committees of the Republican party..." The Gore report concluded (p. 5) that "the findings of the subcommittee as set out in this report poignantly demonstrated the need for effective limitations on the amount of individual contributions..."

In 1971 Congress undertook such limitation by enacting a $1,000 limit on individual contributions to any federal candidate. With the front door of direct corporation contributions closed since 1907, and now with the side door of large individual

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1/ Congress extended the ban to labor unions on a temporary basis in 1943 as part of the Smith Connally Act, 50 U.S.C. 1509 (1940 ed.). In 1947 this statutory prohibition was made permanent by Section 304 of the Taft-Hartley Act, 18 U.S.C. 610.

protection could be subjected to coercion to obtain their "voluntary" support for the company's political interests. Our analysis of the actual operations of the corporate Political Action Committees in 1978 proves that these fears were fully justified -- corporate solicitations of employees to donate to the PACs are effectively a system of kickbacks from employees not in a position to shrug off company requests for support; consequently, most of them respond to the employers' solicitations. Our presentation is provided herein under four major points:

In Point I we show that the statute, constructed to meet constitutional guarantees, requires that any employee response to a corporate political contribution request be completely free and voluntary. In addition to the statute's specific ban on coercion, that statutory construction is also required by the First Amendment, which bars any form of governmentally-sanctioned political duress or compulsion. Here the corporate PAC activity in view is not only sanctioned and regulated by the federal law, but results directly from Congress having closed the front and side doors to corporations when it prohibited direct corporate contributions to a federal election and then sharply curtailed the amount of individual donations by corporation owners, directors and officers. When Congress closed those doors for corporate influence, corporations turned to their employees with requests for "voluntary" donations to their political treasure chests under a "separate fund" exception enacted in 1971. Under these circumstances government has its "thumb on the scales" and thus protective constitutional rules are fully applicable, requiring that any employee's contribution to a corporate political fund be wholly free and voluntary.

In Point II we demonstrate from the corporate Political Action Committees' operations in 1978 that they do not and cannot

meet that requirement. To begin with, it is clear that most employees who are being solicited to contribute to the company's political cause are not really free to refuse the request because they have no contractual or union job protection nor anonymity protection if they decline to give. Moreover, the mid-level management employees on whom the corporations are successfully concentrating their PAC donation requests are particularly vulnerable: they are career workers whose advancement is entirely dependent upon maintaining the good will of the employer. When they are approached for donations by a supervisor or other agent of the employer, it is doubtful whether their resulting donation to the corporation's political treasure chest could ever meet the voluntariness requirement.

In any event, the PAC contributions made by the employees demonstrate beyond question that the voluntariness requirement is not and cannot be met. The data shows that among the top ten corporate PACs (by contributions), career employees are donating annual amounts far beyond normal voluntary political giving; they are doing so though in many cases the money is going to the Party opposed to the donor's own Party allegiance; and most of the employee-contributed funds do not even go into congressional races in the state in which the employee resides. Moreover, employees are not permitted to designate the candidates to be supported, most of those who are solicited do give, and the corporations are orchestrating the amounts of the employees' donations. In sum, the entire evidence demonstrates that the corporate Political Action Committees are operating with employee donations which are voluntary only in name; in fact they derive from the employment relationship and the economic dependency of the career employee.

In Point III we proceed to show that if the corporate PAC operations were nevertheless deemed lawful, then the statute's

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ban on labor union contributions in federal elections is discriminatory and violates the Fifth Amendment of the Constitution. Section 441b(a) of the statute purports evenhandedly to forbid unions and corporations to contribute to a federal election. If corporations with their economic power over employees can evade that ban through the back door of induced "voluntary" political contributions from unprotected career employees, then the corporate PAC contribution is in effect a corporation contribution and the prohibition on contributions operates effectively only against unions, not contributions. Unions have no comparable power of the purse by which to build massive political treasure chests from the sanctions of unprotected career employees. Thus, a ruling which upholds the operations of the corporate Political Action Committees would necessarily render one-sided and unconstitutional Section 441b(a) prohibiting union contributions to federal elections.

Finally, in Point IV we demonstrate that the statute's provision (§441b(b)(2)(C)) authorizing financing of the operating costs of corporate Political Action Committees from corporate assets, violates the constitutional rights of corporate stockholders. There is no reason why a Democratic stockholder should pay for the substantial cost of soliciting employee donations to a corporate Political Action Committee which contributes to Republican condidates. Congress in 1976 approved the use of institutional costs for the operation of corporate PACs on the assumption that the political action committee is a means for facilitating employee political participation through campaign donations. But the desire to facilitate political participation is not a "compelling interest" which sanctions the use of a stockholder's share of corporate assets to produce donations to a fund for contributions to political candidates in whom the stockholder may have no interest

or whose election he may actually oppose. Under these circumstances, we submit that the statute is invalid in sanctioning use of stockholder assets for the operations costs of corporate PACs.

With this introductory explanation, we turn to our four-part presentation. We urge its careful consideration, because the Commission's resolution may largely determine the future course of American politics under circumstances where federal elections are being swamped by a growing horde of corporate political committees masquerading as a system of voluntary employee donations.

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I. THE STATUTE, CONSTRUED SO AS TO MEET CONSTITUTIONAL REQUIREMENTS, PERMITS ONLY COMPLETELY FREE AND VOLUNTARY EMPLOYEE DONATIONS TO CORPORATE POLITICAL ACTION COMMITTEES

Since 1907 Congress has banned corporate contributions to federal elections (for a complete history of the ban, see United States v. U.A.W., 352 U.S. 567, 570-584 (1957)). In 1971 a civil ban was added, with language similar to the original criminal prohibition. See 2 U.S.C. 441b(a). However, at that time Congress also authorized the establishment by labor unions and corporations of "separate and segregated funds, to be utilized for political purposes," now known generally as Political Action Committees (see 441b(b)(2)). Congress thereby contemplated that just as labor unions had been soliciting their members, corporations might solicit their stockholders for voluntary political contributions. See generally 117 Cong. Rec. 43,379-43,390.

i. Voluntariness of donations was the keystone of the exception Congress codified in the "separate fund" provision in 1971. Congress expressly provided in Section 441b(3) that:

> "It shall be unlawful for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals or the threat of force, job discrimination or financial reprisals, or by dues, fees, or other money required as a condition of membership in a labor organization or as a condition of employment."

Known as the Hansen amendment, in the words of its drafter, the purpose of this provision was to provide "strong assurance that a refusal to contribute will not lead to reprisals" (117 Cong. Rec. 43, 381 (1971)).

That assurance is essential, for if the contribution is made with fear of reprisal or in anticipation of reward it is clearly not a voluntary political contribution but rather is money paid as a condition or attribute of employment, and the funds are in effect

tainted by institutional involvements. As the Supreme Court made clear in United States v. Pipefitters, 407 U.S. 385 (1972) full voluntariness of the contribution is thus essential to compliance with the statute's ban on corporate elections contributions. In Pipefitters (in reviewing the validity of a labor union PAC) the Court expressed its agreement (at 414) with the Government's contention (at 413-414) that a "separate fund" which escapes the ban on union and corporate election contributions may not be financed "by payments that are effectively assessed, that is, solicited in circumstances inherently coercive." Therefore (at 414) the statute;

> "focuses on whether the contributions solicited for political use are knowing free-choice donations. The dominant concern in requiring that contributions be voluntary was after all to protect the dissenting stockholder or union member."

Thus, the requirement of voluntariness is strict, and particularly so where an employer solicits persons whose livelihood and job prospects he controls. In that economically dependent and potentially coercive setting the safeguard of voluntariness, emphasized by the Supreme Court in 1972 in Pipefitters, takes on major importance.

In 1975 this Commission's Sun Pac ruling freed corporations to solicit political contributions from their employees. Hundreds of corporations immediately did so (see supra, p. 3). Congress responded in 1976 by imposing arms-length solicitation and anonymity limitations on such corporate activity (2 USC 441b(b)(4)(B)). Although these limitations were not made applicable to "executive and administrative personnel," the amendments left unimpaired the voluntariness requirement adopted in 1971 which had been given key emphasis in the Supreme Court's Pipefitters decision. 2/ Thus, even

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2/ "Executive and administrative personnel" are defined in the statute (§441b(b)(7)) as "individuals employed by a corporation who are paid on a salary, rather than an hourly basis and who have policy making, managerial, professional or supervisory responsibilities." According to the Conference Report accompanying the 1976 amendments, the term encompasses "individuals who run the corporation's business," such as officers,

solicitations of executive and administrative employees must not be "in circumstances inherently coercive" and must be "free choice donations."

ii. While the statute thus makes clear that to qualify as permissible political contributions to a "separate fund" employee donations to a corporate PAC must be fully voluntary, the guarantees of the First Amendment give added scope and strength to that requirement. And the First Amendment is fully applicable here, because corporate solicitation of employee political contributions results from Congressional action, and is both sanctioned and closely regulated by the statute.

Thus, it is Congressional action which has given rise to corporate Political Action Committees operating from employee donations. In 1907 Congress had closed the front door to corporate contributions in federal elections. Then in 1971 it also closed the side door by the $1,000 limitation on individual contributions, but it provided a potential loophole for entry, by the "separate fund" exception to the ban on corporate elections donations. Corporations promptly developed the back door PAC device operating with "voluntary" donations solicited from career employees. It is noteworthy that as early as 1971 Congress had sanctioned corporate PACs -- apparently contemplating stockholder participation -- but it was not until in 1975 this Commission in Sun Pac opened the door to the solicitation of corporate employees that business turned to its own for help. In 1974 there were only 89 corporate Political Action Committees in operation. After Sun Pac, by the 1976 elections the number had grown to 450 and two years later there were 812 registered with this Commission. This record can leave no doubt

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(Footnote continued from previous page)
executives, plant division and section managers, and professionals (e.g., lawyers and engineers) who have not chosen a bargaining representative. But foremen and lower level supervisors directly over hourly employees are excluded from the category of "executive and administrative personnel."

that it is Congressional enactments which have induced corporations to solicit their employees to contribute to management's political fund; it is only when the other avenues were closed by law that corporations availed themselves of the statute's "separate fund" exception, looking as a last resort to their own employees to maintain corporate presence in federal elections. Under these circumstances, government certainly has its "thumb on the scales" within the meaning of the established rule that private action becomes subject to constitutional restraints where government has intruded into the balance of private forces.[3/]

Moreover, Congressional action has not only given rise to corporate employee solicitations for politics but Congress has also sanctioned that solicitation. It was Congress which adopted the 1971 "separate fund" exception. When Congress in 1976 considered this Commission's Sun Pac decision and its potential effects, it could well have restricted corporate PACs to donations from stockholders; that would have maintained a parity between corporations and unions, for the stockholder is to the corporation approximately what the member is to the union. But Congress instead again affirmatively sanctioned corporate solicitation of employees for political contributions as an exception to the ban on corporate contributions to elections, thus further vesting "state action" limitations upon such corporate conduct.[4/] Finally, Congress has also

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3 / As the Supreme Court pointed out in American Communications Association, CIO v. Douds, 339 U.S. 382, 401 (1950), "when authority derives in part from government's thumb upon the scales, the exercise of that power by private persons becomes closely akin in some respects to its exercise by government itself." See also Railway Employees' Department v. Hanson, 351 U.S. 225, 231-232 (1956); Public Utilities Comm. v. Pollak 343 U.S. 451 (1952); Abood v. Detroit Board of Education, 431 U.S. 209 (text at notes 16, 22-23, and n. 12) (1977).

4 / Hanson, supra; Amalgamated Food Employees v. Logan Valley Plaza, 391 U.S. 308 (1968); Evans v. Newton, 382 U.S. 296 (1966); Burton v. Wilmington Parking Authority, 365 U.S. 715 (1961); Terry v. Adams, 345 U.S. 461 (1953).

closely regulated corporation solicitations of employee contributions, distinguishing between categories of employees in the methodology permitted and imposing a general ban against coercion. The close Congressional regulation further serves to make applicable constitutional limitations.[5/]

iii. Thus, for three separate reasons -- corporate PACs result from Congressional action, are sanctioned by Congressional action, and are closely regulated by Congressional action -- constitutional limits here apply and corporate solicitation of employee political contributions under 2 U.S.C. 441b(b)(4)(A) must meet First Amendment standards. And it is clear that to comply with that Amendment the statute must be construed to guarantee absolute freedom from compelled political tribute or support of any kind, and to permit (in the Supreme Court's words in Pipefitters) only completely knowing "free choice donations" which are not "solicited in circumstances inherently coercive." That is the required statutory construction because the First Amendment is rigorous in its guarantees of political freedom -- both of speech and association as well as silence and abstention.

The First Amendment safeguards both the right to speak freely and the right to refrain from speaking at all. Wooley v. Maynard, 430 U.S. 705 (1977); West Virginia v. Barnett, 319 U.S. 624 (1943); Miami Herald Publishing Co. v. Tornillo, 418 U.S. 241 (1974). It also protects the right of individuals to hold a point of view different from the majority, and to refuse to foster or support ideas they find objectionable. Wooley v. Maynard, supra, 715; Torcaso v. Watkins, 367 U.S. 488 (1961).

The First Amendment, moreover, applies preeminently in the political sphere where the individual always remains free to adhere

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5/ Public Utilities Comm. v. Pollak, 343 U.S. 451 (1952); Reitman v. Mulkey, 387 U.S. 369 (1967); Robinson v. Florida 378 U.S. 153 (1964).

to his own political views and to support candidates he favors (See Buckley v. Valeo, 424 U.S. 1 (1976)) and also to refrain from financing views or causes he does not support. Kuspar v. Pontikes 414 U.S. 51 (1973); cf. Machinists v. Street, 367 U.S. 740 (1961). Because of the fundamental importance of the First Amendment, all constraints on its free exercise are forbidden and compelled financing or promotion of candidates or causes violates the Amendment. Abood v. Detroit Board of Education, 431 U.S. 209. Thus, in Elrod v. Burns, 427 U.S. 347 (1976), the Supreme Court recently applied the First Amendment to strike down compelled political allegiance or contributions. The reasoning of the Court (427 U.S. at 355) underscores the significance of the guarantee against compulsory political support, and thus of the assurance that all PAC contributions be "free-choice donations":

> "In order to maintain their jobs, respondents were required to pledge their political allegiance to the Democratic Party, work for the election of other candidates of the Democratic Party, contribute a portion of their wages to the Party.... Regardless of the incumbent party's identity, Democratic or otherwise, the consequences for association and belief are the same. An individual who is a member of the out-party maintains affiliation with his own party at the risk of losing his job. He works for the election of his party's candidates and espouses its policies at the same risk. The financial aid and campaign assistance that he is induced to provide to another party further the advancement of that party's policies to the detriment of his party's views and ultimately his own beliefs, and any assessment of his salary is tantamount to coerced belief.... Even a pledge of allegiance to another party, however ostensible, only serves to compromise the individual's true beliefs. Since the average public employee is hardly in the financial position to support his party and another, or to lend his time to two parties, the individual's ability to act according to his beliefs and to associate with others of his political persuasion is constrained, and support for his party is diminished."

That the First Amendment bars all compelled political activism or support is thus beyond dispute. Moreover, in all areas of personal freedom of thought, belief and action it bars not only

blantant but also subtle and even unintended compulsion. Thus, seemingly benign maternity leave policies of school systems impinge on a teacher's decision to bear a child, and are thereby impermissible. Cleveland Board of Education v. LaFleur and Cohen v. Chesterfield Co., 414 U.S. 632 (1974). Mere inquiries can discourage free exercise of First Amendment rights. Baird v. State Bar, 401 U.S. 1 (1971).

In sum, the statute's voluntariness provision must be construed and applied in the light of the underlying constitutional freedom from compelled political support -- a freedom which repels not merely gross coercion but also subtle and psychological compulsion which a corporation's request for an employee's political contribution can easily invoke. Thus, only the assurance of completely free choice donations by the employee can comply with the statute and its underlying constitutional predicate. We proceed to demonstrate that the corporate PACs do not come anywhere close to meeting that governing standard.

II. CORPORATIONS ARE SOLICITING POLITICAL CONTRIBUTIONS FROM UNPROTECTED CAREER EMPLOYEES AND THE EVIDENCE SHOWS THAT RESULTING EMPLOYEE DONATIONS ARE NOT FREE AND VOLUNTARY

Our Complaint to this Commission is based upon an extensive review of data (see Appendix of Corroborating Materials), much of it from the Commission's files, concerning the 1978 operation of the nation's ten largest (in terms of contributions) corporate Political Action Committees: Dart Industries, Eaton Corporation, General Electric, General Motors, Winn-Dixie, Standard Oil of Indiana, Union Camp, United Techologies, Union Oil, International Paper and General Motors.[6/] Our analysis also includes an eleventh Political Action Committee -- that of Grumman Corporation -- which is smaller in size but has been added as a control on the results from the top ten.

A. The Coercive Methodology of Corporate PAC Solicitations. Four major findings underscore that the corporate PAC methodology is pregnant with coercion. First, all of the corporations are asking for political donations from totally unprotected employees; second, there is no provision to protect the anonymity of those who refuse to contribute or the amounts of contributions; third, it is the vulnerable mid-level career managers and professionals who are the primary target for and source of the corporate PAC donations; and fourth, the corporations provide no arms-length protections against compulsion, because they even permit solicitations in person by employees who supervise the solicited employee.[7/] These four realities represent a clearly coercive setting for corporate PAC operations:

6/ American Family Corporation was among the top eleven corporate political action committees in terms of contributions to federal candidates, but we eliminated it from analysis because it solicits independent agents rather than employees.

7/ It is significant that although under the statute stockholders are available for solicitation to contribute to corporate PACs, corporations do not in fact solicit their stockholders but look instead to their employees for political contributions.

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1. All the corporations are asking for political donations from unprotected career employees. The employees from whom the corporations are obtaining their political treasure chests are not the salaried or hourly workers who have job protection; they are career employees not protected either by collective bargaining agreements or individual contract. Such employees are totally dependent on the good will of the corporation for promotions, raises, and continued employment security. In this situation the desire to demonstrate loyalty and concern for the well-being of the corporation is strong incentive to respond to any contribution request. Particularly when corporations view their political objectives as an integral part of their pursuit of profits, their solicitations for contributions to the company PAC are indistinguishable by employees from other areas wherever the good employee is expected to promote the interests of his employer. Moreover, solicitation material sent by the corporations tells the professional employee that his PAC donation is to help his company.[8/]

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If corporate PACs were operating with truly voluntary money, then the stockholders would seem the most directly concerned to provide voluntary support; yet the corporations look instead to the employees who have no comparable freedom to refuse company requests for help. The corporations' failure to look to their stockholders is a confession of how ineffective corporate PACs would be if they had to operate from truly voluntary donations.

8/ Thus, the Amoco PAC 1976 solicitation describes the PAC as "Your best opportunity to date to support the petroleum industry and the free enterprise system." A 1976 Grumman PAC solicitation states that the PAC's purpose is to support candidates "whose views indicate a reasonable understanding of Grumman's plans and projects." A 1976 United Technologies description of the PAC explained that it seeks "by its contributions...the advancement of the industries and types of businesses in which United Technologies may be engaged from time to time." Union Camp explains that its PAC supports candidates who "understand the viewpoint of business...on issues affecting the company and the industry." Professional employees cannot fail to understand from such solicitations that their money is requested to help the company.

2. There is no provision in the corporate PACs to protect the employee's anonymity. Given the vulnerability of the career employee, management's knowledge of the identity of contributors and non-contributors and of the amounts of the contributions has clearly coercive effect on the solicited employee. Yet all the PACs surveyed permit person-to-person contact as the method of solicitation; such contact makes the lack of anonymity more immediate and hence more threatening. The fact that the corporation will know who gives and who does not is a powerful pressure on the solicited career employee. Although a few corporations offer employees assurance that the names of those participating or refusing to participate will be held in confidence, such assurances are undercut by the use of personal solicitation and use of the payroll check-off for PAC contributions.

3. The primary target for and source of PAC funds is the mid-level manager and professional employee. This is particularly true at Eaton, Amoco, Union Camp, General Electric, General Motors, Grumman, International Paper, and Union Oil, whose corporate PACs do not merely rely on top-level officers or the Board of Directors to obtain campaign funds; solicitations go far beyond the executive suite. More than 75% of the itemized PAC contributors at these eight corporations are mid-level managers and professional employees. Thus most of the corporations surveyed receive most of their PAC funds from the employees most subject to the coercive pressure of the employer-employee relationship. The corporations obviously look to those employees least able to resist participation, because at mid-level on the ladder of success they are most dependent on employer good will to gain career promotion.

4. Employees are subject to unrestricted personal solicitation, including solicitation by supervisors and other higher-ups. Because there are no regulations which restrict corporate PAC

solicitation of "executive and administrative" personnel, or the relationship between the solicitor and the employee, corporations can place direct personal pressure on this category of employees and use supervisors or other superiors -- the same individuals who make the decisions on promotions, salary, etc. -- to solicit subordinate employees. For example, Justin Dart, of Dart Industries, personally contacts employees who have not contributed to the PAC and gives them "a sell"; Eaton states that "face to face" meetings with employees are the most effective.[9/] Similarly Union Camp, Grumman, Amoco, and United Technologies have no prohibition at all against solicitation by superiors of subordinate employees in their PAC by-laws or operating manuals. General Electric and International Paper prohibit the use of immediate supervisors as PAC solicitors, but they do permit personal solicitation and the individual conducting the solicitation is answerable to the PAC coordinator, who is in a superior position to the solicited employees.[10/]

In sum, considering the fact that (1) the employees whom the corporations effectively solicit for their PAC funds have no

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9/ Mr. Dart personally monitors the responses to PAC solicitations; individuals not contributing are contacted by Dart himself, and in his own words, they "get a call'." See The Wall Street Journal, Tuesday, August 15, 1978, p. 1. Eaton Corporation found that "face to face meetings with our managers were the most effective method of solicitation" (response in April, 1979 to unpublished survey by Tyler Research Associates, Washington, D.C.).

10/ The intimidation resulting from direct and unlimited solicitations by a superior cannot be underestimated. Such a situation is particularly threatening given the fact that employee evaluations and performance ratings are largely subjective and are based on impressions formed by the employees' superiors. Furthermore, a large number of non-contributors in a given department or division reflects on the ability of supervisors or division managers to meet the objectives of the corporation. The natural tendency is to pressure employees into making donations as a means of demonstrating departmental effectiveness in meeting corporate goals. The solicited employee is placed in a situation where he must weigh the probable detriment of a refusal to give against the possible benefits of cooperation. The very high response rate of corporations (see infra, p. 21) shows how that "choice" is in fact exercised.

contractual job protection or union representation; (2) there is no pretence of anonymity to protect an employee who wishes not to donate; (3) the heaviest solicitation and contributions come from mid-level career employees least in a position to refuse employer requests; and (4) even the supervisor is permitted to solicit his employee's "voluntary" contribution, the entire operation of the corporate PACs is fraught with potential for coercion and the donations are clearly being "solicited in circumstances inherently coercive." When under these circumstances career employees respond to company requests to contribute to the corporation's political treasure chest for federal elections, there is every probability that a favorable response is induced or facilitated by the employee's fear of incurring displeasure or hope of winning favor with the employer. Nor need that conclusion be left to inference, for examination of the actual donations by the employees proves that to be the case:

B. The Evidence that Employee Contributions are Not Genuinely Free and Voluntary. Six major findings from our survey of corporate PAC donations all buttress the conclusion that, far from being free and voluntary, the employees are responding to corporations' requests for political contributions because of the employment relationship rather than to facilitate their private political interests and predilections:

1. Employees are responding with contributions entirely beyond normal political giving. All eleven corporations exhibit average employee contributions levels entirely beyond normal political contributions. The national average annual personal contribution to a wide variety of political candidates and causes both liberal and conservative is $16.[11/] By contrast, the average

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11/ August 23, 1979 telephone conversation with Tom Matthews of Craver, Smith & Matthews, 1701 North Ft. Myer Drive, Suite 602, Arlington, Virginia 22209, fundraising specialist for over 100 political causes and candidates. See also T. Gavin, "The New Right: A Director Mail Money Machine," Denver Post, May 7, 1978, citing a $15 average contribution to the conservative Committee for Survival of a Free Congress.

itemized contribution by mid-level managerial and professional employees to the top corporate PACs ranges from $116 to $338 and the average top executive contribution is even higher.

2. Substantial PAC donations are given to candidates from the political party other than the chosen party of the employee contributor to the corporate PAC. Most employee contributors are adherents of one of the major parties, but all the PACs contribute to candidates of both parties. Indeed, the PACs of Dart Industries, Eaton, Amoco, United Technologies, Union Camp, General Motors, Union Oil and International Paper all contributed from 72% - 92% of their 1978 funds to Republican candidates. A Democrat's donation to an employer fund used to support Republicans illuminates the less than free and voluntary character of corporate PAC donations. Of course, the same conclusion applies equally where (as in the case of Winn-Dixie) most of the PAC money is given to Democrats, but contributing employees include Republicans. All the corporate PACs divide their giving between candidates of the two parties, and it is unclear why a member of either party would view such distribution of his money in furtherance of his own political views and desires. The clear conclusion is that the employee is responding to the employer's expressed needs and desires, not his own political predilections.

3. Most of the employees' donations are used for federal campaign contributions in other states. The corporations collect the majority of their PAC funds in a limited number of states, but this money is never used in those states in proportions even close to the amounts raised. The solicited employees are in effect giving large sums of money to finance campaigns in other states in which they have no personal contact or interest.

4. Employees are not permitted to designate, either by party or candidate, the recipients of their PAC donations. At Dart,

Winn-Dixie, Amoco, Eaton, Grumman, Union Oil, Union Camp and United Technologies, the determination of the recipients of PAC campaign contributions is made solely by the corporations, not by the employee contributors to the PAC. Employee donations are thus plainly payments to support the political interests of the corporation, not expressions of a personal interest or preference. Only GE, GM and International Paper permit contributors to designate specific candidates. As a result 21% of General Electric's employee contributors earmarked a part of their contributions, but they earmarked funds constituting only 17% of the total itemized PAC receipts. At GM only 3% designate, accounting for 1% of itemized receipts to PAC. At International Paper 7% of employees earmarked, but the percentage they earmarked was only 2% of the total itemized receipts.

5. Few employees decline to respond to the PAC solicitation. The disclosed rate of response to corporate PAC solicitations is 70% or higher among the employees solicited.[12/] For instance, 70% of the managerial employees solicited at the various plant locations of Eaton Corporation responded with contributions, and 70% of the employees solicited by General Electric made a contribution. Among the identified officers and corporate vice-presidents, Winn-Dixie and Dart show 95% and 80% participation rates. In contrast, solicitations directed at the public for political causes or candidates generally show only a response rate of 1%.[13/] In 1976 only 38% of all taxpayers even designated their $1.00 free contribution to the Presidential Campaign Fund. 1976 Statistics of Income, Individual

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12/ Relevant to the high participation rate is the targeting of groups of employees for solicitation. Corporate PACs do not solicit all eligible employees, nor do they solicit all employees on an equal basis. Eaton Corporation, as an example, targets "Incentive Compensation Managers."

13/ August 23, 1979 telephone conversation with Tom Matthews of Craver, Smith & Matthews and August 15, 1979 telephone conversation with Jeff Byron of National Committee for an Effective Congress, 505 C St., N.E., Washington, D.C. See also N. Kotz, "King Midas of the New Right." Atlantic, November, 1978, p. 59.

Income Tax Returns, IRS Publication #79 (4-79), Washington, D.C., 1979, Table 1.8. Corporate employee PAC participation rates with 70% and more obviously far exceed normal voluntary political contributions to advance personal political predilections.

6. The corporations are regimenting and orchestrating the amounts of employee "voluntary" donations. This is particularly clear at General Electric, Eaton, Winn-Dixie, United Technologies, Union Oil, Amoco, Union Camp, and Grumman. Employees not only respond to corporate solicitations but generally do so in amounts predetermined by the corporation. In the case of mid-level managerial and professional employees, contributions tend to cluster around the average donation. In the case of Grumman Corporation, 70% of all the itemized contributors gave exactly $104; one can picture the supervisors' sales pitch: "You can certainly afford $2 a week to help your company." Moreover, all employee PAC contributors using payroll deduction plans at Union Camp, Eaton, and Amoco, had their deductions raised above the usual level in selected months in the year; their "donation" amounts then returned to the regular level in the following month -- clear evidence of orchestration and regimentation by the corporations.

The total pattern of solicitations and contributions to corporate PACs clearly demonstrates the absence of free choice giving. The employees' response to corporate PAC solicitations plainly reflects not free choice but the employment relationship. While the eleven corporations vary somewhat in their methods of operation a company-by-company analysis shows that all of them manifest almost all of the separate indicia of nonvoluntariness:[14]

DART INDUSTRIES manifests the less than free and voluntary character of employee response to the company's political

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14/ The documentation for the following individual company summaries appears *infra* in the Appendix of Corroborating Materials.

solicitations in several salient respects: 1) Dart solicits unprotected career employees. 2) There is no provision made to protect the anonymity of non-contributors. 3) Dart concentrates its fundraising efforts on officers and corporate vice-presidents, and 4) they are subject to direct personal solicitation by supervisors including Justin Dart, Chief Executive Officer of the Company. 5) Executive level personnel of Dart make a remarkable average annual political contribution to the PAC of $691, and many of them contribute in excess of $1,000. 6) Although contributing employees include both Democrats and Republicans, 92% of the total PAC contributions in 1978 from employee donations were given by Dart's PAC to Republican candidates. 7) Most of the PAC contributions go outside the state of origin: 69% of the itemized PAC receipts came from employees in California, Florida, New Jersey and New York, but only 22% of the PAC contributions went to candidates in those states. 8) Contributors to the PAC are not permitted to designate, either by party or by candidate, the recipients of their contributions. 9) No less than 95% of the publicly identified officers and corporate vice-presidents make PAC contributions.

EATON manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Eaton solicits unprotected career employees. 2) There is no provision made to protect the anonymity of non-contributors. 3) 88 of the itemized contributors to the Eaton PAC are employees holding mid-level managerial or professional positions, and their contributions constitute 71 of the funds received by the PAC. 4) Eaton relies on person-to-person solicitation by immediate supervisors. 5) The average annual contribution by Eaton's mid-level managerial and professional employees is $209, and for executive level personnel the average is $620. 6) Although contributing employees include both Democrats and Republicans, 90%

of the PAC funds are given by Eaton to Republican candidates. 7) The PAC raises most of its money in Ohio (53%), while donating only 8% to candidates in that state. 8) Eaton does not permit the designation, either by party or candidate, of the recipients of the employee's PAC donations. 9) The Corporation has targeted for solicitation "Incentive Compensation Managers," and 71% of these individuals at the various plant locations responded with contributions. 10) Eaton regiments the PAC contribution amounts: employees at similar occupational levels contribute similar amounts to the PAC, and every one of the employees participating in the payroll deduction plan had his "voluntary" PAC contribution raised several times above normal for the month of February 1978.

GENERAL ELECTRIC manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) GE solicits unprotected career employees. 2) Contributions to the PAC are theoretically held in confidence, but the use of person-to-person solicitation negates confidentiality. 3) Mid-level managers and professionals were 78% of the contributors to the PAC, and their donations comprised 56% of the itemized PAC receipts. 4) The articles of association of the "Non-Partisan Political Support Committee" prohibit solicitation by any employee's superior, but permit personal solicitation. 5) The average annual contribution from mid-level managerial and professional employees is $189, while executive level personnel contribute an average of $516. 6) Although most employees are either Democrats or Republicans, as a corporation reliant on Government contracts GE attempts to maximize its influence by splitting the PAC donations evenly between Republican and Democratic candidates. 7) 71% of the itemized PAC receipts were obtained in Connecticut, Kentucky, New York and Ohio, but only 11% of the PAC money went to candidates in those states. 8) GE

permits contributors to earmark donations, but the overwhelming majority of contributors do not do so (see supra, p. 21). 9) GE has targeted a select group of mid-level managers and professionals for solicitation, and achieved a 70% response rate from those individuals. 10) The Company orchestrates employee payments: all employees donating are giving similar amounts and fall within a narrow range around the average.

GENERAL MOTORS manifests the less than free and voluntary character of employee response to the company's solicitations in several salient respects: 1) General Motors solicits unprotected career employees. 2) General Motors provides anonymity to contributors and non-contributors, but the names of those giving over $100 and some of those giving less are reported publicly at the FEC. 3) 95% of the itemized contributors are mid-level managerial and professional employees, who contributed 84% of the itemized receipts in 1978. 4) There is no known prohibition on solicitation of subordinate employees by supervisors or other superiors and the corporation relies on person-to-person solicitation for its political funds. 5) The average annual contribution for mid-level managers and professionals is $153, and executive level personnel contributed an average of $600. 6) Although contributing employees include both Democrats and Republicans, 72% of the PAC's political contributions were given to Republican candidates. 7) 83% of the itemized receipts to the PAC were obtained from employees in Michigan, Ohio, Indiana and New York, while only 39 of the PAC's donations were applied in these states in contributions to federal candidates. 8) Although participating employees are permitted to earmark their donations, only 3% chose to do so and their earmarked contributions accounted for only 1% of itemized receipts to the PAC. 9) It is not possible to determine from the public record the participation rate of employees contributing to the PAC.

10) There is company regimentation: most contributors to the PAC give in similar amounts falling within a narrow range of contribution levels.

GRUMMAN manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Grumman solicits unprotected career employees for PAC donations which will buy political support for "Grumman's plans and projects" (see supra, p. 16, n. 8), and 2) makes no provision to protect the anonymity of non-contributors or of contribution amounts. 3) 75% of the itemized contributors are mid-level managerial and professional employees, (the majority of Grumman PAC's receipts are unitemized), and they contributed 51% of the itemized contributions. 4) There is no known restriction on solicitation by supervisors or superiors. 5) The average annual contribution for mid-level managers and professionasl is $116, while executive-level personnel contributed an average of $468. 6) Although most employees are either Democrats or Republicans, as a corporation reliant on Government contracts Grumman attempts to maintain its political influence by splitting the employees' PAC donations evenly between Democrats and Republicans. 7) 78% of the itemized PAC receipts were obtained in California, Florida, New York and Virginia, but only 54% of the PAC money went to candidates in those states. 8) Employees are not permitted to designate, either by party or candidate, the recipients of their money. 9) There is no information available concerning contribution rates for Grumman employees. 10) The PAC reports reveal clear regimentation of the amounts of employee PAC contributions: 70% of the annual itemized contributions were exactly $104.

INTERNATIONAL PAPER manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) International Paper solicits unprotected career employees. 2) Contributions to the PAC

are theoretically held in confidence, but the payroll department and the Secretary-Treasurer have access to the identity of contributors and the amounts given. 3) While 40% of the itemized contributors to the PAC are not identified as required by the Federal Election Campaign Act, of the contributors properly identified 43% hold mid-level managerial and professional positions and their donations constituted 40% of the itemized contributions. 4) International Paper does not permit direct solicitation by immediate supervisors of subordinate employees, but does not restrict person-to-person solicitation. 5) The average annual contribution for employees in mid-level managerial and professional positions is $157, while executive-level personnel contributed on the average $355. 6) Though the employees include both Democrats and Republicans, 72% of the PAC contributions were given to Republicans. 7) 65% of the itemized donations were obtained from employees in Alabama, Louisiana, New York and Texas, while only 16% of PAC contributions went to candidates in those states. 8) While International Paper employees can earmark their contributions, only 7% of the contributors did so to any extent and they earmarked in total only 2% of the itemized PAC receipts. 9) Employee participation rates cannot be determined from the public record or other available information. 10) The public record does not reveal whether there is regimentation of contributions due to the incompleteness of the FEC reports filed.

STANDARD OIL OF INDIANA (AMOCO) manifests the more than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) AMOCO solicits unprotected career employees for PAC donations which will "support the petroleum industry" (see supra, p. 16, n. 8), and 2) makes no provision to protect the anonymity of non-contributors or contribution amounts. 3) 78% of the PAC funds are secured from mid-level managerial and professional employees. 4) Amoco does not prohibit immediate supervisors or other managers from soliciting subordinate

employees and solicitation extends to production foremen and supervisors. 5) Mid-level managerial and professional employees make an average annual contribution of $194, while executive-level personnel give an average of $513. 6) Although contributing employees include both Democrats and Republicans, 79% of the PAC contributions were given to Republican candidates. 7) 71% of the PAC's itemized donations were received from employees in Illinois, Indiana, Louisiana and Texas, but only 21% of PAC contributions went to candidates in those states. 8) Employees have no control over the disposition of PAC funds, and are not permitted to earmark their donations. 9) It is not possible to determine from the public record the proportion of solicited employees who respond to solicitation. 10) The Corporation orchestrates the amount of the contributions to the PAC, as evidenced by the raising of the payroll deduction for all participating employees in the same amount and at the same time -- 25% during March of 1978.

UNION CAMP manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Union Camp solicits unprotected career employees to contribute to a PAC to support candidates helpful on "issues affecting the company" (see supra, p. 16, n. 8), and 2) makes no provisions to protect the anonymity of non-contributors or of contribution amounts. 3) It obtains 73% of its PAC money from mid-level managers and professionals. 4) Information is not available concerning any restrictions on solicitations by supervisors, or by the person-to-person method. 5) Mid-level and professional employees annually give an average of $153, while executive-level personnel give an average of $221. 6) Though donating employees include both Democrats and Republicans, 72% of the PAC funds were given to Republican candidates. 7) 79% of the PAC funds came from employees in Alabama, Georgia, Virginia and New Jersey, but only 37% was contributed by the PAC to candidates in those states. 8) Employees are not permitted to earmark their

contributions. 9) While public information is not available to determine the employee participation rate, the high incidence of certain specific job titles indicates that selected groups are targeted for solicitation and do respond -- two specific job titles (General Manager, and Manager of Manufacturing) constituted approximately 20% of the contributors in the mid-level managerial and professional categories. 10) Regimentation is practiced: all employee contributors using the payroll deduction plan had their monthly PAC donation doubled in July of 1978.

UNION OIL manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Union Oil solicits unprotected career employees, and 2) makes no provision to protect the anonymity of non-contributors or of contribution amounts. 3) Union Oil secures 64% of its political money from department-level managers. 4) Information is not available concerning any restrictions on solicitations by supervisors. 5) The average contribution from department level managers is $185 a year. 6) Though donating employees include both Democrats and Republicans, 86% of the PAC funds were given to Republican candidates. 7) Contributors in California are the primary source of PAC receipts -- donating 87% of the funds -- but candidates in California received only 13% of the contributions made by the PAC. 8) Employees are not permitted to designate, either by party or candidate, the recipients of their money. 9) The employee participation rate is not possible to determine from publicly disclosed records. 10) Orchestration is practiced: most participants from the mid-managerial and professional levels gave in similar amounts within a narrow range around the average.

UNITED TECHNOLOGIES manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) United Technologies operates a PAC to support candidates helpful to the industry in which the company operates. [illegible] and for that purpose it

solicits unprotected career employees, and 3) makes no provision for protecting the anonymity of non-contributors or of contribution amounts. 3) Some 61% of the itemized contributors are mid-level managers and professionals. 4) United Technologies does not restrict solicitation by supervisors or other employees. 5) The average annual contribution for mid-level managerial and professional employees is $241, while the publicly identified officers and corporate vice-presidents made contributions averaging $1,071. 6) Though the employees include both Democrats and Republicans, 78% of the PAC contributions were given to Republicans. 7) 69% of the itemized PAC receipts were obtained from employees in California, Connecticut, Indiana and Washington, D.C., but only 13% was contributed by the PAC to candidates in those states. 8) Contributing employees are not permitted to designate, either by party or candidate, the recipients of their money. 9) The overall participation rate for United Technologies employees is 11%, but the largest single bloc of contributors -- publicly identified executives and corporate officers -- responded to the PAC policitation with a 95% participation rate. 10) There is company orchestration: most of the contributors give in similar amounts, or within a narrow range of amounts.

WINN-DIXIE manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Winn-Dixie solicits unprotected career employees, and 2) makes no provision to protect the anonymity of non-contributors or contribution amounts. 3) It concentrates its fund-raising efforts on upper-level managerial employees. 4) Information is not available concerning any restrictions on solicitations by supervisors, or by the person-to-person method. 5) The average annual contribution for publicly identified executive level personnel was a whopping $2,657. 6) Though contributing

employees include Republicans, Winn-Dixie contributed sixty-eight percent of its employees' PAC donations to Democratic candidates. 7) 96% of the itemized donations to the PAC were obtained from employees in Alabama, Florida, Louisiana and North Carolina, but only 23% of the PAC contributions went to candidates in those states. 8) Employees are not permitted to designate, either by party or candidate, the recipients of their donations. 9) 80% of the publicly disclosed officers and corporate vice-presidents made PAC contributions. 10) While there is not an obvious general pattern in contributions levels, in 1978 only two donors among the publicly disclosed officers and corporate vice-presidents gave less than $1,000 to the PAC.

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C. The Governing Authorities. The foregoing record leaves no possible room for a conclusion that the corporate PACs are operating with employee contributions that are genuinely free and voluntary political donations. On the contrary, the employees are clearly responding to the employer solicitations as a result of the employment relationship. The applicable law buttresses the data, and compels the conclusion that the contributions are not free and voluntary political donations thus violating the statute's guarantee of voluntariness and also its ban on corporate elections contributions.

The professional employee's livelihood and advancement are dependent on maintaining the good regard of the employer. This is particularly true of the mid-level employee who hopes to rise on the corporate ladder, for the employer has power to advance him quickly or not at all; the relationship is one of unequals, with the employer entirely dominant.[15/] Thus, the employer's solicitation of the employee cannot be viewed in the same manner as if he were soliciting fellow club members, neighbors, or even his corporate stockholders, and the employee's response to the request for "voluntary" financial donation to a company political fund is inherently suspect. Because of the unequal relationship, special principles of law come into play requiring close examination of any claim that the servant has voluntarily responded to the master's request. It is crucial whether the employee-donor has been unduly influenced;

15/ For executive and administrative employees the consequences of disfavor can be severe. They do not enjoy the protections of a collective bargaining agreement, especially protections regarding just cause for termination, nor do they have the protections the courts have conferred on public employees in the exercise of political rights.

whether his donation was intended as a gift or pure contribution without consideration; and whether it was made in hope of economic benefit.

The possibility of undue influence arises wherever there is an unequal relationship -- such as that between employer and employee or creditor-debtor, or where there are other close dependent relationships (parent-child, aged person and friend, etc.)[16/] As stated in Faulkner v. Beatty, 327 P.2d 41 at 43 (Cal., 1958):

> "The fact that the parties stand in such position toward one another, either by reason of relationship, professional employment or otherwise, that the grantor is particularly susceptible to exertion of influence by the grantee, is a consideration of primary importance."

Where there is such unequal relationship, any purported transfer without consideration triggers close scrutiny, and there is a shift of the ordinary presumption: because of the relationship, any gift is presumptively void until the donee proves by clear evidence that it is truly a gift.[17/] The standard was cogently expressed by the New Jersey Supreme Court in Elmira College, [illegible], in its examination of a purported gift of an art collection by an older woman after active solicitation by the donee:

> "Whenever it appears that the relationship between the parties to an inter vivos gift are of such a character that in reasonable probability they do not deal with each other in terms of equality...in such a situation the donee must show by explicit and convincing evidence that the donor intended to make a gift...(1)f the judicial mind is left in doubt or uncertainty, then the donee has failed its burden and the claim of gift must be rejected."

16/ Howard v. Howe, [illegible] P.2d 577 (7th Cir., 1932) (employer-employee); Godden v. Anaconda Copper, [illegible] U.S. [illegible] (1921) (director-corporation); Burdick v. Wittich, 116 P.2d 90 (Calif., 1941) (debtor-creditor); Towson v. Moore, 173 U.S. 17 (1899) (parent-child); Elmira College v. Fidelity Union Trust Co., 234 A.2d 65 (N.J., [illegible]); Brown v. Blank, 363 A.2d 126[illegible] (Penn., 1976); Faulkner v. Beatty, 327 P.2d 41 (Calif., 1958) (aged persons).

17/ Towson v. Moore, supra; Godden v. Anaconda Copper, supra ftnt 16; Burdick v. Wittich, supra ftnt 16; Ostertag v. Donovan, [illegible] P.2d [illegible], annc. 70 [illegible] (N. Mex., 1958); Amado v. Aguirre, [illegible] P.2d 117 [illegible]

The same principles apply when it is asserted that a payment qualifies as a gift for tax law purposes. There the presence of any expectation of benefit will defeat the necessary free and voluntary character of a donation. As the Tax Court states it (see In Re Lillian Pascarelli, 55 T.C. 1082, 1090 (1971) aff'd. 485 F.2d 681), "When a transfer is made with the expectation of an economic benefit flowing to the transferor then no gift has been made." The Supreme Court emphasized in Commissioner v. Duberstein, 363 U.S. 278, 285 (1960) that if a payment proceeds "from 'the incentive of anticipated benefit' of an economic nature...it is not a gift." There must be absence "of any expectation of future benefit" (Bogardus v. Commissioner, 302 U.S. 34, 43 (1937)). Even a remote and speculative possibility of return benefit defeats the claim of gift. See Singer Co. v. United States, 449 F.2d 413 (Ct. Cl. 1971).

The governing principle -- which puts a heavy burden of proof on the recipient of a donation from a party over whom he is in a position of dominance or influence -- is dispositive on the question here presented. We may assume, arguendo, that a donation could sometimes show that a professional employee "is [illegible]" to the corporate PAC is voluntary, but the methods by which the corporate PACs are now operating utterly repel such a conclusion, and the PAC contributions data is even more dispositive. As concerns methodology, the corporations are targeting their PAC solicitations on highly vulnerable mid-level career employees with solicitations which make clear that political help for the company will [illegible] from the PAC donations. The employees are not even afforded anonymity as concerns their choice whether to respond to the solicitation, and

there is the further implicit or explicit coercion of person-to-person solicitations (even by supervisors and by high company officials).[18/]

And the PAC contributions data further disproves free giving, for it is entirely inconsistent with normal political behavior. All the corporate PACs are splitting their donations between parties, thus giving substantial monies to candidates of a party opposed to that of the individual employee donor, and most of the PAC money goes out of the state where it was collected from the employees. In addition, the amounts of individual donations are quite beyond normal political giving and the proportion of those who give ranges as high as 70% and 90% -- unparalleled levels of "voluntary" political activism.

The totality of this and other evidence we have reviewed proves that corporate PAC payments by career employees reflect not personal choice but the fact of the employment relationship. Under these circumstances there is no possibility that corporations could meet their heavy burden to prove that it is the employee's free will rather than his dependent position which induces the response to corporate PAC solicitations. Both crucial elements of the governing voluntariness requirement laid down by the Supreme Court in Pipefitters are thus met: the payments "are effectively assessed, that is, solicited in circumstances inherently coercive," and they are not genuinely "free choice donations" (467 U.S. at p. 413-414).

not for court, but a brief

18/ Some PACs notify their off-solicited executive and administrative employees of their right not to contribute, free of reprisal. But it is loss of good reward which enhances promotion opportunity, rather than fear of penalization, which is the chief moving factor inducing employee donations. Moreover, as the Supreme Court recently noted, it is necessary to examine all the circumstances to determine if an act is voluntary or the product of duress or coercion, either express or implied. Schneckloth v. Bustamonte, 412 U.S. 218 (1973). As the Court noted in Miranda v. U.S., 384 U.S. 436, 469-70, a disclaimer delivered by those in the position of dominance cannot assure the individual's right to remain free. See also NLRB v. Beatrice Foods, 183 F.2d 726 (10th Cir., 1950); Chauffeurs, Teamsters & Helpers v. NLRB, 509 F.2d 498 (D.C. 1974).

III. IF THE CORPORATE POLITICAL ACTION COMMITTEES' CHALLENGED OPERATIONS ARE PERMISSIBLE, THEN THE STATUTE'S BAN ON UNION CONTRIBUTIONS TO FEDERAL ELECTIONS IS DISCRIMINATORY AND VIOLATES THE CONSTITUTION

We have shown in the previous analysis that the voluntariness requirements of the federal law are being violated by the operations of the corporate Political Action Committees. If our presentation on that score should be rejected, there would arise for resolution a serious constitutional question concerning the validity of Section 441b(a) of the statute, which forbids corporations and unions to make contributions to any federal election campaign. For if the back door contribution remains available to corporations, whose economic leverage over employees enables them through "voluntary" employee donations to contribute to federal election campaigns, then the corporate PAC contribution is in effect a corporation contribution and the ban on corporate and union contributions becomes plainly one-sided and discriminatory.

Corporations have enormous power over career employees. The employee generally has no contractual job protection, and in addition depends for advancement entirely upon corporate good will. That ever-present reality permits the corporation to obtain from employees substantial support for the corporation's political interests through contributions to the PAC, which then turn the contributions over to Congressional candidates. Even in the case of an employee more than willing and eager to contribute to the company PAC there is always present the fact that his contribution can buy corporate good will for advancement in career and pay. But for the employment relationship, it is obvious that the employee donor would not be contributing to the corporate Political Action Committee.

Unions have no comparable economic power over thousands of career employees for building massive political treasure chests. Unions must depend for nearly all of their PAC resources upon contributions by their regular members typically averaging a dollar a year not $200 or $300 and more, as is the case with corporate PAC contributions. 19/

Under these circumstances, if Congress has permitted the operation of corporate Political Action Committees from contributions by career employees -- and particularly if such contributions are permitted without absolute assurance from the circumstances of the contribution and its amount and destination that it is entirely a free choice donation -- then Section 441b(a) of the statute violates the Fifth Amendment's due process guarantee because it discriminates against unions in favor of corporations. Under that interpretation corporations are given a back door means to continue making contributions to federal election campaigns not from stockholders' contributions (which would parallel union member contributions to a Union PAC), but from payments by their own corporation employees which clearly derive from the fact of the employment relationship.

Thus, if this Commission permits the operation of corporate Political Action Committees to continue under the conditions demonstrated in our submission, there would result a discrimination against labor unions rendering unlawful the statute's ban on union contributions to federal election campaigns. This consideration

19/ While unions do obtain PAC contributions from some of their own employees (who are union members), they do not have numbers of professional employees capable of making substantial PAC contributions in any way comparable to corporations. Thus, whereas all of the 17 million dollars raised by corporate PACs in 1978 came from professional employees -- and among the top corporate PACs 73% gave more than $100 -- of total union PAC funds raised in 1977-78 only 4% (aggregating less than 800 thousand dollars) was in contributions over $100. Thus, just three years after the 1975 Sun PAC ruling unleashed the corporate PAC syndrome, corporations already achieved a twenty to one advantage over unions in PAC funds contributed by their professional employees.

must be added to the other compelling considerations we have previously set forth in this complaint, to support the conclusion that corporate Political Action Committees are operating in violation of federal law.

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IV. THE STATUTE'S PROVISION AUTHORIZING THE FINANCING OF THE COSTS OF CORPORATE PAC OPERATIONS FROM COMPANY ASSETS VIOLATES THE CONSTITUTIONAL RIGHTS OF STOCKHOLDERS

In this submission we have demonstrated that corporate Political Action Committee campaign contributions are based on employee donations which are not truly free and voluntary, as required by federal law. The donations, we have shown, are not an expression of individual political choice and predilection but arise from the employment relationship. But if our showing in that respect should be rejected and employee donations to corporate PACs were deemed completely free choice acts, there would arise another serious constitutional question: whether the financing of the costs of PAC operations from corporate assets, as authorized by 2 U.S.C. §441b(2)(C), violates the constitutional rights of stockholders.

If, as Congress appears to have intended,[29] a corporate PAC is a means of facilitating political activism by employees, then it is unclear why a stockholder should bear the costs of political operations which do not meet his own political interests and desires. Stockholders of the eleven publicly held corporations whose PAC operations we have analyzed include supporters of both major political parties as well as independents. For instance, the complaining stockholders before this Commission are registered Democrats. Yet the bulk of the corporate PAC donations of the corporations go to Republican candidates. Moreover, even where some of the corporate PAC money is donated to Democrats, complainants and other corporate stockholders are not necessarily interested in the support of those particular candidates.

29/ See, e.g. remarks by Congressman Moore, 122 Cong.Rec. H.2539 (daily ed. March 29, 1976).

Thus, when Congress approves the use of the stockholders' assets to meet the operating costs of corporate PACs it authorizes the involuntary use of a citizen's assets for the support of political candidates whom he may not wish to support and may actually oppose. Established constitutional principles bar such compulsory political exactions under sanction of law.[21/]

The principle of freedom from compelled political tribute has been recognized and applied in a series of noted Supreme Court cases beginning with Street. See Machinists v. Street, 367 U.S. 740; Elrod v. Burns, 427 U.S. 347; Abood v. Detroit Board of Education, 431 U.S. 209. In Street, in order to avoid a First Amendment issue which would otherwise have arisen (id. at 740), the Court construed the Railway Labor Act to bar the compulsory exaction of employees' union dues for political purposes. As emphasized by the concurring opinion of Justice Douglas (at p. 776) where the facts of life compel a person to associate with others, the individual "should be allowed to enter the group with his own flag flying whether it be religious, political or philosophical... and he should not be required to support the propagation of causes with which he disagrees."

There is no better reason to compel corporate stockholders to finance a political contributions operation than there was to require employees to do so in Street or to pay out in Abood. Preservation of freedom of political abstention is equally required

21/ See Railway Employees v. Hanson, 351 U.S. 225, 232; cf. Street, supra. It should be noted that Congress has not only authorized compulsory use of stockholders' assets for political purposes the stockholder may not support, but the fact that corporations do use stockholder assets to operate employee PACs results from Congressional action which closed the front door and then the side door for corporate elections donations, and thus forced corporations to use the back door of employee PAC solicitations (see supra, p. 10). When corporate action both derives from Congressional action and is sanctioned by federal law, then constitutional limitations clearly apply. See supra, p. 11.

when, under 2 U.S.C. Section 441b(a)(C), stockholder assets are used by a corporation for the political purpose of funding solicitations for a PAC fund used to make political contributions. Indeed, when it comes to stockholders' assets used for politics, the applicable rule is foreshadowed by the emphasis of Justice White's opinion (dissenting on other grounds) in First National Bank v. Bellotti, 435 U.S. 765, 805:

> "Of course, it may be assumed that corporate investors are united by a desire to make money, for the value of their investment to increase. Since even communications which have no purpose other than that of enriching the communicator have some First Amendment protection, activities such as advertising and other communications integrally related to the operation of the corporation's business may be viewed as a means of furthering the desires of individual shareholders. This unanimity of purpose breaks down, however, when corporations make expenditures or undertake activities designed to influence the opinion or votes of the general public on political and social issues that have no material connection with or effect upon their business, property, or assets. Although it is arguable that corporations make such expenditures because their managers believe that it is in the corporation's economic interest to do so, there is no basis whatsoever for concluding that these views are expressive of the heterogeneous beliefs of their shareholders whose convictions on many political issues are unadulterated by considerations other than a desire to enhance any electoral or ideological cause which would tend to increase the value of a particular corporate investment. This is particularly true where, as in this case, whatever the belief of the corporate managers may be, they have not been able to demonstrate that the issue involved has any material connection with the corporate business. Thus when a profitmaking corporation contributes to a political candidate this does not further the self-expression or self-fulfillment of its shareholders in the way that expenditures from their own individual wealth would."

In sum, the funding of the operation costs of corporate Political Action Committees from company assets violates the First Amendment rights of stockholders.[20] This provides yet another reason

[20] Nor can the compelled political use of stockholder assets for the costs of corporate PACs be dismissed as de minimis, for when it comes to compelled political expenditures the de minimis principle is inapplicable. See Ryan v. McDonnell Douglas Corp., 427 F.2d 996, 1004. In any event, the costs of corporate PAC operations being funded from the stockholders' assets appear to be substantial. One major corporation has conceded to spending [illegible] of company assets to raise $5 of employee contributions to [illegible] testimony of Atlantic Richfield Corp. before the [illegible].

why this Commission should find unlawful the corporate PAC operations here challenged as illegal.

CONCLUSION

For the reasons we have set forth it is urged that the corporate Political Action Committee operations, including those of the eleven named corporations, violate federal law and that appropriate remedial relief should be awarded by the Commission after investigation.

We the undersigned Complainants submit the foregoing Complaint. We are not candidates for federal office nor is the Complaint filed at the request of or on behalf of any candidate.

Respectfully submitted,

International Association of
Machinists & Aerospace Workers
1300 Connecticut Avenue, N.W.
Washington, D.C. 20036 857-2200

William Winpisinger, President/IAM
(same address)

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Robert J. Ward
Address 1735 Lake Street #4
Phone No. (415) 752-3962

Citizen Complainants

VERIFICATION

I, William Winpisinger, being first duly sworn do assert that the foregoing Complaint is true.

William Winpisinger

Subscribed and sworn to before me
this 4th day of ~~September~~ October, 1979.

Notary Public [SEAL]

My Commission expires: 1-1-84

VERIFICATION

I, Alan Morrison, being first duly sworn do assert that the foregoing Complaint is true.

Alan Morrison

Subscribed and sworn to before me
this 4th day of ~~September~~ October, 1979.

Notary Public [SEAL]

My Commission expires: [illegible]

VERIFICATION

I, Judy Reardon, being first duly sworn, do assert on information and belief that the foregoing Complaint is true.

Judy A. Reardon

Subscribed and sworn to before me
this 25th day of September, 1979.

Eva N. Bothwell [SEAL]
Notary Public

My Commission expires: July 31, 1983

GCC # 11297
MUR 1040

BEFORE THE FEDERAL ELECTION COMMISSION
WASHINGTON, D. C.

COMPLAINT AGAINST OPERATIONS OF CORPORATE POLITICAL ACTION COMMITTEES, INCLUDING:

DART INDUSTRIES
EATON CORPORATION
GENERAL ELECTRIC
GENERAL MOTORS
GRUMMAN CORPORATION
INTERNATIONAL PAPER
UNION CAMP
UNION OIL
UNITED TECHNOLOGIES
WINN-DIXIE

Pursuant to 2 U.S.C. §437 g (a)(1), union complainants (International Association of Machinists and its President William Winpisinger), stockholder complaintants (Anne S. and Alan B. Morrison and Gene Glover), and citizen complainants (Judy Reardon and Rebecca J. Ward), assert that the Federal Election Law and Federal Constitutional guarantees are being violated by the operations of Corporate Political Action Committees, including those of Dart Industries, Eaton Corporation, General Electric, General Motors, Grumman Corporation, International Paper, Standard Oil of Indiana, Union Camp, Union Oil, United Technologies, and Winn-Dixie. The basis for this complaint is set forth in the following presentation and attachments.

International Association of Machinists

William Winpisinger, President, IAM

Anne S. Morrison

Alan B. Morrison

Gene Glover, Trustee of Pension Plan for Grand Lodge Officers and Employees

Judy Reardon

Rebecca J. Ward

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INTRODUCTION

In 1907 the Congress, alarmed at the political consequences of massive corporate political donations to federal elections, outlawed any corporate contributions or expenditures in connection with a federal election.[1] Subsequent experience proved that the statute had little practical effect. The Senate investigations by the Gore subcommittee in the 1950's showed that there remained a massive imbalance in the funding of federal elections, an imbalance advantaging corporate interests because of the disproportionate influence of private wealth in federal elections. Corporate owners, directors and officials, and their families, remained free to pour massive contributions into federal elections, and they did so. The Gore Committee's report, 1956 General Elections Campaigns, Report of Subcommittee on Privileges and Elections, 84th Cong. 1st Sess. (1957) p.3, found "heavy campaign expenditures by persons affiliated with big business, and large vested interests...largely to Republican committees and candidates..." The Report pointed out (id.) that the contributions "made by the officers and the directors of 227 of our largest corporations totaled $1,816,[illegible] to the candidates and committees of the Republican party..." The Gore report concluded (p. 5) that "the findings of the subcommittee as set out in this report poignantly demonstrated the need for effective limitations on the amount of individual contributions..."

In 1971 Congress undertook such limitation by enacting a $1,000 limit on individual contributions to any federal candidate. With the front door of direct corporation contributions closed since 1907, and now with the side door of large individual

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[1] Congress extended the ban to labor unions on a temporary basis in 1943 as part of the Smith Connally Act, 50 U.S.C. 1509 (1940 ed.). In 1947 this statutory prohibition was made permanent by Section [illegible] of the Taft-Hartley Act, 18 U.S.C. [illegible].

contributions also closed, corporations moved to preserve their role and influence in federal elections by a back door method which has proved immensely successful. Seizing upon a "separate fund" exception Congress adopted in 1971, they began soliciting their own career employees -- who have no job protection and whose job prospects and advancement are entirely dependent upon employer good will -- to contribute to a corporation political action committee, which then takes the donated amounts and contributes them to federal candidates. After 1971, and particularly when this Commission in 1975 approved this device, there was an immediate and rapid proliferation of corporate PACs. In 1974 there were 89 corporate PACs in operation; in 1975 there were 139; by the 1976 elections the number had risen to 450; and by the 1978 elections there were no less than 812 corporate PACs operating with employee-donated "voluntary" contributions which provided corporations a 17 million dollar elections-contributions fund.

In 1976, Congress expressed its concern about the burgeoning phenomenon of corporate Political Action Committees operating from employee contributions, by placing restrictions on their operations. Under section 441b(b)(4)(A), adopted as part of the 1978 amendments, unionized employees are permitted to be solicited by their [illegible] only twice a year by mail, and under protected conditions of anonymity. Non-unionized employees who fall within the category "executive and administrative personnel" are permitted to be solicited without such restrictions, but the voluntary character of their donations is still intended to be secured by the statute's provision (id.) barring any employment coercion or threat which obtains donations from employees "by physical force, job discrimination, or, financial reprisals...."

When Congress adopted these provisions there were warnings that vulnerable corporate employees without contractual job

protection could be subjected to coercion to obtain their "voluntary" support for the company's political interests. Our analysis of the actual operations of the corporate Political Action Committees in 1978 proves that these fears were fully justified -- corporate solicitations of employees to donate to the PACs are effectively a system of kickbacks from employees not in a position to shrug off company requests for support; consequently, most of them respond to the employers' solicitations. Our presentation is provided herein under four major points:

In Point I we show that the statute, constructed to meet constitutional guarantees, requires that any employee response to a corporate political contribution request be completely free and voluntary. In addition to the statute's specific ban on coercion, that statutory construction is also required by the First Amendment, which bars any form of [illegible]-sanctioned political duress or compulsion. Here the corporate PAC activity in view is not only sanctioned and regulated by the federal law, but results directly from Congress having closed the front and side doors to corporations when it prohibited direct corporate contributions to a federal election and then sharply curtailed the amount of individual donations by corporation owners, directors and officers. When Congress closed those doors for corporate influence, corporations turned to their employees with requests for "voluntary" donations to their political treasurer's [illegible] under a "separate fund" exception enacted in 1971. Under these circumstances government has its "thumb on the scales" and thus protective constitutional rules are fully applicable, requiring that any employee's contribution to a corporate political fund be wholly free and voluntary.

In Point II we demonstrate from the corporate Political Action Committees' operations in 1978 that they do not and cannot

meet that requirement. To begin with, it is clear that most employees who are being solicited to contribute to the company's political cause are not really free to refuse the request because they have no contractual or union job protection nor anonymity protection if they decline to give. Moreover, the mid-level management employees on whom the corporations are successfully concentrating their PAC donation requests are particularly vulnerable: they are career workers whose advancement is entirely dependent upon maintaining the good will of the employer. When they are approached for donations by a supervisor or other agent of the employer, it is doubtful whether their resulting donation to the corporation's political treasure chest could ever meet the voluntariness requirement.

In any event, the PAC contributions made by the employees demonstrate beyond question that the voluntariness requirement is not and cannot be met. The data shows that among the top ten corporate PACs [illegible] contributions [illegible] are donating annual amounts far beyond normal voluntary political giving; they are doing so though in many cases the money is going to the Party [illegible] and most of the employee-contributed funds do not even [illegible] Congressional races [illegible] employees are not permitted to designate the candidates to be supported, most of those who are solicited do give, and the corporations are [illegible] the amounts of the employees' donations. In sum, the entire evidence demonstrates that the corporate Political Action Committees are operating with employee donations which are voluntary only in name; in fact they derive from the employment relationship and the economic dependency of the career employee.

In Part III we proceed to show that if the corporate PAC operations were nevertheless deemed lawful, then the statute's

ban on labor union contributions in federal elections is discriminatory and violates the Fifth Amendment of the Constitution. Section 441b(a) of the statute purports evenhandedly to forbid unions and corporations to contribute to a federal election. If corporations with their economic power over employees can evade that ban through the back door of induced "voluntary" political contributions from unprotected career employees, then the corporate PAC contribution is in effect a corporation contribution and the prohibition on contributions operates effectively only against unions, not contributions. Unions have no comparable power of the purse by which to build massive political treasure chests from the mentions of unprotected career employees. Thus, a ruling which upholds the operations of the corporate Political Action Committees would necessarily render one-sided and unconstitutional Section 441b(a) prohibiting union contributions to federal elections.

Finally, in Point IV we demonstrate that the statute's provision (§441b [illegible]) authorizing financing of the operating costs of corporate Political Action Committees from corporate assets, violates the constitutional rights of corporate stockholders. There is no reason why a democratic stockholder should pay for the substantial cost of soliciting employee donations to a corporate [illegible] Action Committee which contributes to Republican candidates. Congress in [illegible] approved the use of institutional costs for the operation of corporate PACs on the assumption that the political action committee is a means for facilitating employee political participation through campaign donations. But the desire to facilitate political participation is not a "compelling interest" which sanctions the use of a stockholder's share of corporate assets to produce donations to a fund for contributions to political candidates in whom the stockholder may have no interest

or whose election he may actually oppose. Under these circumstances, we submit that the statute is invalid in sanctioning use of stockholder assets for the operations costs of corporate PACs.

With this introductory explanation, we turn to our four-part presentation. We urge its careful consideration, because the Commission's resolution may largely determine the future course of American politics under circumstances where federal elections are being swamped by a growing array of corporate political committees masquerading as a system of voluntary employee donations.

I. THE STATUTE, CONSTRUED SO AS TO MEET CONSTITUTIONAL REQUIREMENTS, PERMITS ONLY COMPLETELY FREE AND VOLUNTARY EMPLOYEE DONATIONS TO CORPORATE POLITICAL ACTION COMMITTEES

Since 1907 Congress has banned corporate contributions to federal elections (for a complete history of the ban, see United States v. U.A.W., 352 U.S. 567, 570-584 (1957)). In 1971 a civil ban was added, with language similar to the original criminal prohibition. See 2 U.S.C. 441b(a). However, at that time Congress also authorized the establishment by labor unions and corporations of "separate and segregated funds, to be utilized for political purposes," now known generally as Political Action Committees (see 441b(b)(2)). Congress thereby contemplated that just as labor unions had been soliciting their members, corporations might solicit their stockholders for voluntary political contributions. See generally 117 Cong. Rec. 40,379-40,[illegible].

[illegible] Voluntariness of donations was the [illegible] of the exception Congress codified in the "separate fund" provision in 1971. Congress expressly provided in Section 441b(b), that:

> "It shall be unlawful for such a fund to make a contribution or expenditure by [illegible] money or anything of value secured by [illegible] force, job discrimination, financial reprisals or the threat of force, job discrimination or financial reprisals, or by [illegible] money required as a condition [illegible] in a labor organization or as a condition of employment."

Known as the Hansen amendment, in the words of its drafter, the purpose of this provision was to provide "[illegible] assurance that a refusal to contribute will not lead to reprisals" (117 Cong. Rec. 40, 391 (1971)).

That assurance is essential, [illegible] if the contribution is made with fear of reprisal or in anticipation of reward it is clearly not a voluntary political contribution but rather is money paid as a condition or attribute of employment, and the funds are in effect

tainted by institutional involvements. As the Supreme Court made clear in United States v. Pipefitters, 407 U.S. 385 (1972) full voluntariness of the contribution is thus essential to compliance with the statute's ban on corporate elections contributions. In Pipefitters (in reviewing the validity of a labor union PAC) the Court expressed its agreement (at 414) with the Government's contention (at 413-414) that a "separate fund" which escapes the ban on union and corporate election contributions may not be financed "by payments that are effectively assessed, that is, solicited in circumstances inherently coercive." Therefore (at 414) the statute:

> "focuses on whether the contributions solicited for political use are knowing free-choice donations. The dominant concern in requiring that contributions be voluntary was after all to protect the dissenting stockholder or union member."

Thus, the requirement of voluntariness is strict, and particularly so where an employer solicits persons whose livelihood and job prospects he controls. In that economically dependent and potentially coercive setting the safeguard of voluntariness, emphasized by the Supreme Court in 1972 in Pipefitters, takes on major importance.

In 1975 this Commission's Sun Pac rulings freed corporations to solicit political contributions from their employees. Hundreds of corporations immediately [illegible] Congress responded in 1976 by imposing arms-length solicitation and anonymity limitations on such corporate activity (2 USC 441b(b)(4)(B)). Although these limitations were not made applicable to "executive and administrative personnel," the amendments left unimpaired the voluntariness requirement adopted in 1971 which had been given key emphasis in the Supreme Court's Pipefitters decision.[2] Thus, even

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2 "Executive and administrative personnel" are defined in the statute (§441b(b)(7)) as "individuals employed by a corporation who are paid on a salary, rather than an hourly basis and who have policy making, managerial, professional or supervisory responsibilities." According to the Conference Report accompanying the 1976 amendments, the term encompasses "individuals who run the corporation's business," such as officers,

continued on next page

solicitations of executive and administrative employees must not be "in circumstances inherently coercive" and must be "free choice donations."

ii. While the statute thus makes clear that to qualify as permissible political contributions to a "separate fund" employee donations to a corporate PAC must be fully voluntary, the guarantees of the First Amendment give added scope and strength to that requirement. And the First Amendment is fully applicable here, because corporate solicitation of employee political contributions results from Congressional action, and is both sanctioned and closely regulated by the statute.

Thus, it is Congressional action which has given rise to corporate Political Action Committees operating from employee donations. In 1907 Congress had closed the front door to corporate contributions in federal elections. Then in 1971 it also closed the side door by the [illegible] limitation of individual contributions, but it provided a potential loophole for entry by the "separate fund" exception to the ban on corporate elections donations. Corporations promptly developed the back door PAC device operating with "voluntary" donations solicited from career employees. It is noteworthy that as early as 1971 Congress had sanctioned corporate PACs -- apparently contemplating [illegible] participation -- but it was not until in 1975 this Commission in [illegible] opened the door to the solicitation of corporate employees that business turned to its own [illegible]. In 1974 there were only [illegible] corporate Political Action Committees in operation. After [illegible] the 1976 elections the number had grown to 450 and [illegible] there were 812 registered with this Commission. [illegible] leave no doubt

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(Footnote continued from previous page.
[illegible] and [illegible] managers, and professionals [illegible], lawyers and engineers who have not chosen a bargaining representative. But foremen and lower level supervisors directly over [illegible] employees are excluded from the category of "executive and administrative personnel."

that it is Congressional enactments which have induced corporations to solicit their employees to contribute to management's political fund; it is only when the other avenues were closed by law that corporations availed themselves of the statute's "separate fund" exception, looking as a last resort to their own employees to maintain corporate presence in federal elections. Under these circumstances, government certainly has its "thumb on the scales" within the meaning of the established rule that private action becomes subject to constitutional restraints where government has intruded into the balance of private forces.[3]

Moreover, Congressional action has not only given rise to corporate employee solicitations for politics but Congress has also sanctioned that solicitation. It was Congress which adopted the 1971 "separate fund" exception. When Congress in 1976 considered this Commission's Sun Pac decision and its potential effects, it could well have restricted corporate PACs to donations from stockholders; that would have maintained a parity between corporations and unions, for the stockholder is to the corporation approximately what the member is to the union. But Congress instead again affirmatively sanctioned corporate solicitation of employees for political contributions as an exception to the ban on corporate contributions to elections, thus further vesting 'state action' limitations upon such corporate conduct.[4] Finally, Congress has also

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3/ As the Supreme Court pointed out in [illegible] Communications Association, [illegible] v. [illegible], [illegible] U.S. [illegible] (1950), "[illegible] derives in part from government's thumb on the scales, the exercise of that power by private persons becomes closely akin in some respects to its exercise by government itself." See also Railway Employees' Department v. Hanson, [illegible] U.S. 225, [illegible] (1956); Public Utilities Comm. v. Pollak [illegible] U.S. 451 (1952); [illegible] v. [illegible], 451 U.S. 209 (text at notes 15, 22-23, and n. [illegible]).

4/ Hanson, supra; Amalgamated Food Employees v. Logan Valley Plaza, [illegible] U.S. [illegible] (1968); Evans v. Newton, [illegible] U.S. [illegible] (1966); Burton v. Wilmington Parking Authority, [illegible] U.S. 715 (1961); Terry v. Adams, [illegible] U.S. [illegible] (1953).

closely regulated corporation solicitations of employee contributions, distinguishing between categories of employees in the methodology permitted and imposing a general ban against coercion. The close Congressional regulation further serves to make applicable constitutional limitations.[5]

iii. Thus, for three separate reasons -- corporate PACs result from Congressional action, are sanctioned by Congressional action, and are closely regulated by Congressional action -- constitutional limits here apply and corporate solicitation of employee political contributions under 2 U.S.C. 441b(b)(4)(A) must meet First Amendment standards. And it is clear that to comply with that Amendment the statute must be construed to guarantee absolute freedom from compelled political tribute or support of any kind, and to permit (in the Supreme Court's words in Pipefitters) only completely knowing "free choice donations" which are not [illegible]." That is the [illegible] statutory construction because the First Amendment is rigorous in its guarantees of political freedom -- both of speech and association as well as silence and abstention.

The First Amendment safeguards both the right to speak freely and the right to refrain from speaking at all. Wooley v. Maynard, [illegible] U.S. [illegible] [illegible] v. [illegible], [illegible] U.S. 624 (1943); Miami Herald Publishing Co. v. Tornillo, 41[illegible] U.S. 241 (1974). It also protects the right of individuals to hold a point of view different from the majority, and to refuse to foster or support ideas they find objectionable. Wooley v. Maynard, supra, [illegible]; Torcaso v. Watkins, [illegible] U.S. [illegible] (1961).

The First Amendment, however, applies preeminently in the political sphere where the individual always remains free to adhere

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5 Public Utilities Comm. v. Pollak, 343 U.S. 451 (1952); Feitman v. [illegible], [illegible] U.S. [illegible] (1967); Robinson v. Florida 378 U.S. [illegible] (1964).

to his own political views and to support candidates he favors (See Buckley v. Valeo, 424 U.S. 1 (1976)) and also to refrain from financing views or causes he does not support. Kuspar v. Pontikes 414 U.S. 51 (1973); cf. Machinists v. Street, 367 U.S. 740 (1961). Because of the fundamental importance of the First Amendment, all constraints on its free exercise are forbidden and compelled financing or promotion of candidates or causes violates the Amendment. Abood v. Detroit Board of Education, 431 U.S. 209. Thus, in Elrod v. Burns, 427 U.S. 347 (1976), the Supreme Court recently voided the First Amendment to strike down compelled political allegiance or contributions. The reasoning of the Court (427 U.S. at 355) underscores the significance of the guarantee against compulsory political support, and thus of the assurance that all PAC contributions be "free-choice donations":

> "In order to maintain their jobs, respondents were required to pledge their political allegiance to the Democratic Party, work for the election of other candidates of the Democratic Party, contribute a portion of their wages to the party.... Regardless of the incumbent party's identity, Democratic or otherwise, the consequences for association and belief are the same. An individual who is a member of the [illegible] maintains affiliation with his own party at the risk of losing his job. He works for the election of his party's candidates and [illegible] policies at the same risk. The financial aid and campaign assistance that he is [illegible] to another party [illegible] the [illegible] of that party's policies [illegible] and ultimately his own beliefs, and [illegible] of his salary is [illegible] to [illegible] belief.... Even a pledge of allegiance to another party, however [illegible], only serves to [illegible] the individual's true beliefs. Since the average public employee is hardly in the financial position to support his party and another, or to lend his time to two parties, the individual's ability to act according to his beliefs and to associate with others of his political persuasion is constrained, and support for his party is diminished."

That the First Amendment bars all compelled political activism or support is thus beyond dispute. Moreover, in all areas of personal freedom of thought, belief and action it bars not only

blantant but also subtle and even unintended compulsion. Thus, seemingly benign maternity leave policies of school systems impinge on a teacher's decision to bear a child, and are thereby impermissible. Cleveland Board of Education v. LaFleur and Cohen v. Chesterfield Co., 414 U.S. 632 (1974). Mere inquiries can discourage free exercise of First Amendment rights. Baird v. State Bar, 401 U.S. 1 (1971).

In sum, the statute's voluntariness provision must be construed and applied in the light of the underlying constitutional freedom from compelled political support -- a freedom which repels not merely gross coercion but also subtle and psychological compulsion which a corporation's request for an employee's political contribution can easily invoke. Thus, only the assurance of completely free choice donations by the employee can comply with the statute and its underlying constitutional predicate. We proceed to demonstrate that the [illegible] close to meeting that governing standard.

II. CORPORATIONS ARE SOLICITING POLITICAL CONTRIBUTIONS FROM UNPROTECTED CAREER EMPLOYEES AND THE EVIDENCE SHOWS THAT RESULTING EMPLOYEE DONATIONS ARE NOT FREE AND VOLUNTARY

Our Complaint to this Commission is based upon an extensive review of data (see Appendix of Corroborating Materials), much of it from the Commission's files, concerning the 1978 operation of the nation's ten largest (in terms of contributions) corporate Political Action Committees: Bart Industries, Eaton Corporation, General Electric, General Motors, Winn-Dixie, Standard Oil of Indiana, Union Camp, United Technologies, Union Oil, International Paper and General Motors.[6] Our analysis also includes an eleventh Political Action Committee -- that of Trumman Corporation -- which is smaller in size but has been added as a control on the results from the top ten.

A. The Coercive Methodology of Corporate PAC Solicitations. Four major findings and rescore that the corporate PAC methodology is pregnant with coercion. First, all of the corporations are asking for political donations from totally unprotected employees; second, there is no provision to protect the anonymity of those who refuse to contribute or the amounts of contributions; third, it is the vulnerable mid-level career managers and professionals who are the primary target for and source of the corporate PAC donations; and fourth, the corporations [illegible] protections against compulsion, because they [illegible] solicitations in person by employees who supervise the solicited employee.[7] These four realities represent a clearly coercive setting for corporate PAC operations:

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6 American Family Corporation was among the [illegible] corporate political action committees in terms of contributions to federal candidates, but we eliminated it from analysis because it solicits independent agents rather than employees.

7 It is significant that although under the statute stockholders are available for solicitation to contribute to corporate PACs, corporations do not in fact solicit their stockholders but [illegible] instead of their employees for political contributions.

Continued on next page

1. <u>All the corporations are asking for political donations from unprotected career employees.</u> The employees from whom the corporations are obtaining their political treasury chests are not the salaried or hourly workers who have job protection; they are career employees not protected either by collective bargaining agreements or individual contracts. Such employees are totally dependent on the good will of the corporation for promotions, raises, and continued employment security. In this situation the desire to demonstrate loyalty and thus earn the well-will of the corporation is strong incentive to respond to any contribution request. Particularly when corporations view their political objectives as an integral part of their pursuit of profits, their solicitations for contributions to the company PAC are indistinguishable by employees from other areas wherein the good employee is expected to promote the interests of his employer. Moreover, solicitation material sent by the corporate one tells the prospective employee that his PAC donation is to help his company.[1]

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continued from previous page
If corporate PACs were operating with truly voluntary money, then the stockholders would [illegible] the [illegible] of [illegible] voluntary [illegible] [illegible] look [illegible] [illegible] to the employee [illegible] [illegible] [illegible] to [illegible] company requests [illegible] [illegible] [illegible] filling [illegible] to their stockholders [illegible] [illegible] of [illegible] information [illegible] PAC [illegible] [illegible] [illegible] from [illegible] [illegible] [illegible] [illegible].

1. [illegible] the Amoco PAC [illegible] [illegible] [illegible] the PAC as "[illegible] [illegible] [illegible] [

2. <u>There is no provision in the corporate PACs to protect the employee's anonymity</u>. Given the vulnerability of the career employee, management's knowledge of the identity of contributors and non-contributors and of the amounts of the contributions has clearly coercive effect on the solicited employee. Yet all the PACs surveyed permit person-to-person contact as the method of solicitation; such contact makes the lack of anonymity more immediate and hence more threatening. The fact that the corporation will know who gives and who does not is a powerful pressure on the solicited career employee. Although a few corporations offer employees assurance that the names of those participating or refusing to participate will be held in confidence, such assurances are undercut by the use of personal solicitation and use of the payroll check-off for PAC contributions.

3. <u>The primary target for and source of PAC funds is the mid-level manager and [illegible]</u>. This is particularly true at Eaton, Amoco, [illegible], General Electric, General Motors, Grumman, International Paper, and Union [illegible]. Those corporate PACs do not merely rely on top-level officers of the Board of Directors to obtain campaign funds; solicitations do far beyond the executive suite. More than 75% of the itemized PAC contributors at these eight corporations are mid-level manager and professional employees. Thus [illegible] their PAC funds from the employees must [illegible] to the coercive pressure of the employer-employee relationship. The corporations obviously look to those employees least able to resist participation, because at mid-level on the ladder of success [illegible] dependent on employer good will to gain career [illegible].

4. <u>Employees are [illegible] personal solicitation, including solicitation by [illegible] other higher-up</u>. Because there are no regulations which restrict corporate PAC

solicitation of "executive and administrative" personnel, or the relationship between the solicitor and the employee, corporations can place direct personal pressure on this category of employees and use supervisors or other superiors -- the same individuals who make the decisions on promotions, salary, etc. -- to solicit subordinate employees. For example, Justin Dart, of Dart Industries, personally contacts employees who have not contributed to the PAC and gives them "a sell"; Eaton states that "face to face" meetings with employees are the most effective.[1] Similarly Union Camp, Grumman, Amoco, and United Technologies have no prohibition at all against solicitation by superiors of subordinate employees in their PAC by-laws or operating manuals. General Electric and International Paper prohibit the use of immediate supervisors as PAC solicitors, but they do permit personal solicitation and the individual conducting the solicitation is answerable to the PAC coordinator, who is [illegible] a superior position to the solicited [illegible].[2]

In sum, considering the fact [illegible] the employees whom the corporations effectively solicit for their PAC funds have no

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1. Mr. Dart personally monitors the response to PAC solicitations; individuals not contributing are [illegible] by Dart himself, and in his own words, they [illegible] The Wall Street Journal, Tuesday, [illegible] Union Corporation found that "[illegible] meetings [illegible] are the most effective [illegible] in April, 1979 [illegible], Washington, D.C.

2. The intimidation resulting from direct and unlimited solicitations by a superior cannot be [illegible]. Such a situation is particularly [illegible] the fact that employee evaluations and performance ratings are largely subjective and are based on impressions formed by the employees' superiors. Furthermore, a large number of non-contributors in a given department or division reflects on the ability of supervisors or division managers to meet the objectives of the corporation. The natural tendency is to pressure employees into making donations as a means of demonstrating departmental effectiveness in meeting corporate goals. The solicited employee is placed in a situation where [illegible] detriment of a refusal to [illegible] of cooperation. The very high response rate of [illegible] shows how that "choice" is being exercised.

contractual job protection or union representation; (2) there is no pretence of anonymity to protect an employee who wishes not to donate; (3) the heaviest solicitation and contributions come from mid-level career employees least in a position to refuse employer requests; and (4) even the supervisor is permitted to solicit his employee's "voluntary" contribution, the entire operation of the corporate PACs is fraught with potential for coercion and the donations are clearly being "solicited in circumstances inherently coercive." When under these circumstances career employees respond to company requests to contribute to the corporation's political treasure chest for federal elections, there is every probability that a favorable response is induced or facilitated by the employee's fear of incurring displeasure or hope of winning favor with the employer. Nor need that conclusion be left to inference, for examination of the actual donations by the employees proves that to be the case.

B. The Evidence [illegible] Not Genuinely Free and Voluntary. Six major findings from our survey of corporate PAC donations all buttress the conclusion that, far from being free and voluntary, the employees are responding to corporations' requests for political contributions because of the employment relationship rather than to facilitate [illegible] political interests and predilections:

1. Employees are responding with contributions entirely beyond normal political [illegible]. All [illegible] exhibit average employee contributions levels [illegible] beyond normal political contributions. The national [illegible] annual personal contribution to a wide variety of [illegible] and causes both liberal and conservative is [illegible]. [illegible], the average

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11 August [illegible] [illegible] Matthews of [illegible], [illegible] Matthews, [illegible] Suite [illegible], Arlington, Virginia [illegible], [illegible] specialist for [illegible] political [illegible] T. Gavin, "The New [illegible]," [illegible] Post, [illegible] the conservative [illegible].

itemized contribution by mid-level managerial and professional employees to the top corporate PACs ranges from $116 to $338 and the average top executive contribution is even higher.

2. Substantial PAC donations are given to candidates from the political party other than the chosen party of the employee contributor to the corporate PAC. Most employee contributors are adherents of one of the major parties, but all the PACs contribute to candidates of both parties. Indeed, the PACs of Dart Industries, Eaton, Amoco, United Technologies, Union Camp, General Motors, Union Oil and International Paper all contributed from 72% - 92% of their 1978 funds to Republican candidates. A Democrat's donation to an employer fund used to support Republicans illuminates the less than free and voluntary character of corporate PAC donations. Of course, the same conclusion applies equally where (as in the case of Winn-Dixie) most of the PAC money is given to Democrats but contributing employees include Republicans. All the corporate PACs divide their [illegible] between candidates of the two parties, and it is unclear why a member of either party would view such distribution of his money in furtherance of his own political views and desires. The clear conclusion is that the employee is responding to the employer's expressed needs and desires, not his own political or [illegible].

3. Most of the employee [illegible] for federal campaign contributions in other states. The corporations collect the majority of their PAC funds in a limited number of states, but this money is never used in those states. [illegible] even close to the amounts raised. The solicited employees are in effect giving large sums of money to finance campaigns in other states in which they have no personal contact or interest.

4. Employees are not permitted to designate, either by party or candidate, the recipient of their PAC donations. At Dart,

Winn-Dixie, Amoco, Eaton, Grumman, Union Oil, Union Camp and United Technologies, the determination of the recipients of PAC campaign contributions is made solely by the corporations, not by the employee contributors to the PAC. Employee donations are thus plainly payments to support the political interests of the corporation, not expressions of a personal interest or preference. Only GE, GM and International Paper permit contributors to designate specific candidates. As a result 21% of General Electric's employee contributors earmarked a part of their contributions, but they earmarked funds constituting only 17% of the total itemized PAC receipts. At GM only 3% designate, accounting for 1% of itemized receipts to PAC. At International Paper 7% of employees earmarked, but the percentage they earmarked was only 2% of the total itemized receipts.

5. Few employees decline to respond to the PAC solicitation. The [illegible] rate of response to corporate [illegible] solicitations is 7% or higher among the employees solicited.[12] [illegible] instance, 7% of the managerial employees solicited at the various plant locations of Eaton Corporation responded with contributions, and 7% of the employees solicited by General Electric made a contribution. Among the identified officers and corporate vice-presidents, Winn-Dixie and [illegible] show [illegible] and [illegible] participation rates. [illegible] contrast, solicitations directed to the public for political causes or candidates generally show only a response rate of [illegible].[13] In 1978 only [illegible] of all employers even designated [illegible] contribution to the Presidential Campaign Fund. [illegible] Statistics of Income, Individual

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12 Relevant to the high participation rate of the targeting of groups of employees for solicitation. Corporate [illegible] do not solicit all eligible employees, nor do they solicit all employees on an equal basis. Eaton Corporation, as an example, turns to "Incentive Compensation Management."

13 August [illegible], 1979 telephone conversation with Tom Matthews of [illegible] Smith & Matthews and August [illegible], 1979 telephone conversation with Jeff [illegible] of National Committee for an Effective Congress, [illegible] St., N.E., Washington, D.C. See also N. Kotz, "[illegible]," [illegible], November, 1979, [illegible].

Income Tax Returns, IRS Publication #79 (4-79), Washington, D.C., 1979, Table 1.8. Corporate employee PAC participation rates with 70% and more obviously far exceed normal voluntary political contributions to advance personal political predilections.

6. The corporations are regimenting and orchestrating the amounts of employee "voluntary" donations. This is particularly clear at General Electric, Eaton, Winn-Dixie, United Technologies, Union Oil, Amoco, Union Camp, and Grumman. Employees not only respond to corporate solicitations but generally do so in amounts predetermined by the corporation. In the case of mid-level managerial and professional employees, contributions tend to cluster around the average donation. In the case of Grumman Corporation, 70% of all the itemized contributors gave exactly $104; one can picture the supervisors' sales pitch: "You can certainly afford $2 a week to help your company." Moreover, all employee PAC contributors using payroll deduction plans at Union Camp, Eaton, and Amoco, had their deductions raised above the usual level in selected months in the year; their "donation" amounts then returned to the regular level in the following month -- clear evidence of orchestration and regimentation by the corporations.

The total pattern of solicitations and contributions to corporate PACs clearly demonstrates the absence of free choice giving. The employees' response to corporate PAC solicitations plainly reflects not free choice but the employment relationship. While the eleven corporations vary somewhat in their methods of operation, a company-by-company analysis [illegible] all of them manifest [illegible] [14]

[illegible] manifests the loss of the free and voluntary character of employee responses to the [illegible] political

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14 The documentation for the following individual company summaries appears infra in the appendix of Corporating Materials.

solicitations in several salient respects: 1) Dart solicits unprotected career employees. 2) There is no provision made to protect the anonymity of non-contributors. 3) Dart concentrates its fundraising efforts on officers and corporate vice-presidents, and 4) they are subject to direct personal solicitation by supervisors including Justin Dart, Chief Executive Officer of the Company. 5) Executive level personnel of Dart make a remarkable average annual political contribution to the PAC of $691, and many of them contribute in excess of $1,000. 6) Although contributing employees include both Democrats and Republicans, 92% of the total PAC contributions in 1978 from employee donations were given by Dart's PAC to Republican candidates. 7) Most of the PAC contributions go outside the state of origin: 69% of the itemized PAC receipts came from employees in California, Florida, New Jersey and New York, but only [illegible] of the PAC contributions went to candidates in those states. 8) Contributors to the PAC are not permitted to designate, either by party or by candidate, the recipients of their contributions. 9) No less than 95% of the publicly identified officers and corporate vice-presidents made PAC contributions.

EATON manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Eaton solicits unprotected career employees. 2) There is no provision made to protect the anonymity of non-contributors. 3) [illegible] of the itemized contributors to the Eaton PAC are [illegible] in-level managerial or professional positions, and their contributions constitute [illegible] of the funds received by the PAC. 4) Eaton relies on person-to-person solicitation by immediate supervisors. 5) The average annual contribution by Eaton's mid-level managerial and professional employees is $[illegible], and for executive level personnel the average is $[illegible]. 6) Although contributing employees include both Democrats and Republicans, 9[illegible]%

of the PAC funds are given by Eaton to Republican candidates. 7) The PAC raises most of its money in Ohio (53%), while donating only 8% to candidates in that state. 8) Eaton does not permit the designation, either by party or candidate, of the recipients of the employee's PAC donations. 9) The Corporation has targeted for solicitation "Incentive Compensation Workers," and 71% of those individuals in the various plant locations responded with contributions. 10) Eaton reimburses the PAC contribution amounts: employees at similar organizational levels make similar amounts to the PAC, and every one of the employees participating in the payroll deduction plan had his "voluntary" PAC contribution raised several times above normal for the month of February 1978.

GENERAL ELECTRIC manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) [illegible] solicited [illegible] employees. 2) Contributions to the [illegible] are characterized as [illegible], and the use of [illegible] solicitation violates confidentiality. 3) Mid-level managers and professionals were [illegible] of the contributors to the PAC, and their donations comprised [illegible] of the overall PAC receipts. 4) The practice of association of the "Nine-Digit" [illegible] "Power Series" pro[illegible] [illegible] 5) The average annual [illegible] from mid-level [illegible] and professional employees [illegible]. 6) [illegible] executive [illegible] contributed an average of $[illegible]. 7) Although most [illegible] and other veterans or Republicans, as a corporation reliant on Government contracts GE attempts to minimize its [illegible] in soliciting the PAC donations. [illegible], further diminish[illegible] the coercive [illegible]. [illegible] of the [illegible] PAC are [illegible] in Connecticut, Kentucky, [illegible] and Ohio, but only [illegible] of the PAC money went to candidates in those states. 8) GE

permits contributors to earmark donations, but the overwhelming majority of contributors do not do so (see supra, p. 21). 9) GE has targeted a select group of mid-level managers and professionals for solicitation, and achieved a 70% response rate from those individuals. 10) The Company orchestrates employee payments: all employees donating are giving similar amounts and fall within a narrow range around the average.

GENERAL MOTORS manifests the less than free and voluntary character of employee response to the company's solicitations in several salient respects: 1) General Motors solicits unprotected career employees. 2) General Motors provides anonymity to contributors and non-contributors, but the names of those giving over $100 and some of those giving less are reported publicly at the FEC. 3) 95% of the itemized contributors are mid-level managerial and professional employees, who contributed [illegible]% of the itemized receipts in 197[illegible]. 4) There is no known prohibition on solicitation of subordinate employees by supervisors or other superiors and the corporation relies on person-to-person solicitation for its political funds. 5) The average annual contribution for mid-level managers and professionals is $[illegible], and executive-level personnel contributed an average of $[illegible]. 6) Although contributing employees include both Democrats and Republicans, [illegible] of the PAC's political contributions were given to Republican candidates. 7) [illegible] of the itemized receipts to the PAC were obtained from employees in Michigan, Ohio, Indiana and New York, while only [illegible] of the PAC's donations were applied in these states in contributions to federal candidates. 8) Although participating employees are permitted to earmark their donations, only [illegible] chose to do so and their earmarked contributions accounted for only [illegible] of itemized receipts to the PAC. 9) It is not possible to determine from the public record the participation rate of employees contributing to the PAC.

10) There is company regimentation: most contributors to the PAC give in similar amounts falling within a narrow range of contribution levels.

GRUMMAN manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Grumman solicits unprotected career employees for PAC donations which will buy political support for "Grumman's plans and projects" (see supra, p. 16, n. 3), and 2) makes no provision to protect the anonymity of non-contributors or of contribution amounts. 3) [illegible] of the itemized contributors are mid-level managerial and professional employees, (the majority of Grumman PAC's receipts are unitemized), and they contributed 51% of the itemized contributions. 4) There is no known restriction on solicitation by supervisors or superiors. 5) The average annual contribution for mid-level managers and professionals is $116, while executive-level personnel contributed an average of $4[illegible]. 6) Although most employees are [illegible] Democrats or Republicans, as a corporation reliant on Government contracts Grumman attempts to maximize its political influence by splitting the employees' PAC donations evenly between Democrats and Republicans. 7) [illegible] of the itemized PAC receipts were obtained in California, Florida, New York and Virginia, but only [illegible] PAC [illegible] to candidates in those states. 8) Employees are not permitted to designate, either by party or candidate, the recipients of their money. 9) There is no information available concerning contribution rates for Grumman employees. 10) The PAC reports reveal clear demonstration of the amounts of employee PAC contributions: 7[illegible] of the annual itemized contributions were exactly $1[illegible].

INTERNATIONAL PAPER manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) International Paper solicits unprotected career employees. 2) Contributions to the PAC

are theoretically held in confidence, but the payroll department and the Secretary-Treasurer have access to the identity of contributors and the amounts given. 3) While 40% of the itemized contributors to the PAC are not identified as required by the Federal Election Campaign Act, of the contributors properly identified 43% hold mid-level managerial and professional positions and their donations constituted [illegible] of the itemized contributions. 4) International Paper does not permit direct solicitation by immediate supervisors of subordinate employees, but does not restrict person-to-person solicitation. 5) The average annual contribution for employees in mid-level managerial and professional positions is $157, while executive-level personnel contributed on the average $355. 6) Though the employees include both Democrats and Republicans, 72% of the PAC contributions were given to Republicans. 7) 65% of the itemized donations were obtained from [illegible] in Alabama, Louisiana, [illegible] and [illegible], while only 16% of PAC contributions went to candidates in [illegible]. 8) While International Paper employees can earmark their contributions, only [illegible] of the contributors did [illegible] any extent and they earmarked in total only [illegible] of the itemized [illegible] receipts. [illegible] participation rates cannot be determined from the public record or other available information. 10) The public record [illegible] whether there is [illegible] of contributions [illegible] to the incompleteness of the [illegible] reports filed.

<u>STANDARD OIL OF INDIANA [illegible]</u> manifests [illegible] than free and voluntary character of employee response [illegible] company's political solicitations in several salient respects: 1) AMOCO [illegible] unsuspected career employees for PAC donations which will [illegible] the petroleum industry [illegible] supra, [illegible] and 2) [illegible] provision to protect [illegible] of non-contributors or contribution amounts. 3) [illegible] of the PAC funds are secured from mid-level managerial and professional employees. 4) [illegible] does not prohibit [illegible] supervisors [illegible] from [illegible] subordinate

employees and solicitation extends to production foremen and supervisors. 5) Mid-level managerial and professional employees make an average annual contribution of $194, while executive-level personnel give an average of $513. 6) Although contributing employees include both Democrats and Republicans, 79% of the PAC contributions were given to Republican candidates. 7) 71% of the PAC's itemized donations were received from employees in Illinois, Indiana, Louisiana and Texas, but only 21% of PAC contributions went to candidates in those states. 8) Employees have no control over the disposition of PAC funds, and are not permitted to earmark their donations. 9) It is not possible to determine from the public record the proportion of solicited employees who respond to solicitation. 10) The Corporation orchestrates the amount of the contributions to the PAC, as evidenced by the raising of the payroll deduction for all participating employees in the same amount and at the same time -- [illegible] during March of [illegible].

<u>UNION CAMP</u> [illegible] the [illegible] and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Union Camp solicits unprotected career employees to contribute to a PAC to support candidates helpful on "issues affecting the company" [illegible], and 2) makes no provisions to [illegible] or of contribution amounts. 3) It obtains [illegible] from mid-level managers and professionals. 4) Information is not available concerning any restrictions on solicitations [illegible] supervisors, or by the person-to-person method. 5) Mid-level and professional employees [illegible] an average of $[illegible], while executive-level personnel give [illegible] Democrats and Republicans, [illegible] candidates [illegible] Georgia, Virginia and New Jersey, [illegible] the PAC to candidates [illegible] earmark their

contributions. 9) While public information is not available to determine the employee participation rate, the high incidence of certain specific job titles indicates that selected groups are targeted for solicitation and do respond -- two specific job titles (General Manager, and Manager of Manufacturing) constituted approximately 20% of the contributors in the mid-level managerial and professional categories. 10) Regimentation is practiced: all employee contributors using the payroll deduction plan had their monthly PAC [illegible] doubled in July of 1974.

UNION OIL manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Union Oil solicits unprotected career employees, and 2) makes no provision to protect the anonymity of non-contributors or of contribution amounts. 3) Union Oil secures 44% of its political money from department-level managers. 4) Information is not available [illegible] solicitations by supervisors. 5) The average [illegible] from department level managers is $1[illegible] a year. 6) Though donating employees include both Democrats and Republicans, [illegible] of the PAC funds were given to Republican candidates. 7) Contributors in California are the primary source of PAC receipts -- donating [illegible] of the funds -- but candidates in Cali [illegible] contributions made by the PAC. 8) Employees [illegible], either by party or candidate, [illegible] of their money. 9) The employee participation rate is not possible to determine from publicly disclosed records. 10) Orchestration is practiced: most participants from the mid-managerial and professional levels gave [illegible] similar amounts within a narrow range around the average.

UNITED TECHNOLOGIES manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) United Technologies [illegible] PAC to support candidates [illegible] industry in which the company [illegible] for that purpose it

solicits unprotected career employees, and 3) makes no provision for protecting the anonymity of non-contributors or of contribution amounts. 3) Some 61% of the itemized contributors are mid-level managers and professionals. 4) United Technologies does not restrict solicitation by supervisors or other employees. 5) The average annual contribution for mid-level managerial and professional employees is $241, while the publicly identified officers and corporate vice-presidents made contributions averaging $1,971. 6) Though the employees include both Democrats and Republicans, 73% of the PAC contributions were given to Republicans. 7) [illegible] of the itemized PAC receipts were obtained from employees in California, Connecticut, Indiana and Washington, D.C., but only 13% was contributed by the PAC to candidates in those states. 8) Contributing employees are not permitted to designate, either by party or candidate, the recipients of their money. 9) The overall participation rate for United Technologies employees is 11%, but the largest single bloc of contributors -- publicly identified executives and corporate officers -- responded to the PAC solicitation with a 95% participation rate. 10) There is company orchestration: most of the contributors give in similar amounts, or within a narrow range of amounts.

<u>[illegible]</u> [illegible] character of employee responses to the company's political solicitations in several salient respects: 1) Winn-Dixie solicits unprotected career employees, and 2) makes no provision to protect the anonymity of non-contributors or contribution amounts. 3) It concentrates its fund-raising efforts on upper-level managerial employees. 4) Information is [illegible] available concerning any restrictions on solicitations by supervisors, [illegible] method. 5) [illegible] annual contribution for publicly identified executive level personnel was a whopping $2,[illegible]. 6) Though contributing

employees include Republicans. Winn-Dixie contributed sixty-eight percent of its employees' PAC donations to Democratic candidates. 7) 96% of the itemized donations to the PAC were obtained from employees in Alabama, Florida, Louisiana and North Carolina, but only 13% of the PAC contributions went to candidates in those states. 8) Employees are not permitted to designate, either by party or candidate, the recipients of their donations. 9) 80% of the publicly disclosed officers and corporate vice-presidents made PAC contributions. 10) While there is an inverse general pattern in contribution levels, in 1978 only two donors among the publicly disclosed officers and corporate vice-presidents gave less than $1,000 to the PAC.

* * * * *

C. <u>The Governing Authorities</u>. The foregoing record leaves no possible room for a conclusion that the corporate PACs are operating with employee contributions that are genuinely free and voluntary political donations. On the contrary, the employees are clearly responding to the employer solicitations as a result of the employment relationship. The applicable law buttresses the data, and compels the conclusion that the contributions are not free and voluntary political donations thus violating the statute's guarantee of voluntariness and also its ban on corporate elections contributions.

The professional employee's livelihood and advancement are dependent on maintaining the good regard of the employer. This is particularly true of the mid-level employee who hopes to rise on the corporate ladder, for the employer has power to advance him quickly or not at all; the relationship is one of unequals, with the employer entirely dominant.[15] Thus, the employer's solicitation of the employee cannot be viewed in the same manner as if he were soliciting fellow club members, neighbors, or even his corporate stockholders, and the employee's response to the request for "voluntary" financial donation to a company political fund is inherently suspect. Because of the unequal relationship, a special principle of law came into play, requiring [illegible] any claim that the servant has voluntarily responded to the [illegible] request. It is crucial whether the employee-donor [illegible] unduly influenced;

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15 For executive and administrative [illegible] consequences of disfavor can be severe. [illegible] the protections of a collective bargaining [illegible] protections regarding [illegible] have the protections [illegible] employees in the exercise of political rights.

whether his donation was intended as a gift or pure contribution without consideration; and whether it was made in hope of economic benefit.

The possibility of undue influence arises wherever there is an unequal relationship -- such as that between employer and employee or creditor-debtor, or where there are other close dependent relationships (parent-child, aged person and friend, etc.)[16] As stated in Faulkner v. Beatty, 327 P.2d 41 at [illegible] (Cal., 1958):

> "The fact that the parties stand in such position toward one another, either by reason of relationship, professional employment or otherwise, that the grantor is particularly susceptible to exertion of influence by the grantee, is a consideration of primary importance."

Where there is such unequal relationship, any purported transfer without consideration triggers close scrutiny, and there is a shift of the ordinary presumption: because of the relationship, any gift is [illegible] that it is [illegible] a gift.[17] The [illegible] expressed by the New Jersey Supreme Court in Elmira College [illegible] examination of a purported gift of an art collection by an older woman after [illegible] by the donee:

> "Whenever it appears that the relationship between the parties to an inter vivos gift [illegible] such a character that [illegible] in terms of equality... in such a situation the donee must show by [illegible] evidence that the [illegible] to make a gift... If the judicial mind is left in doubt or uncertainty, then the donee [illegible] failed its burden and the claim of gift must be rejected."

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16 [illegible] employer-employee); [illegible] creditor-[illegible] debtor-[illegible] parent-child); [illegible] N.2d 65 (N.J., [illegible]); Faulkner v. Beatty, [illegible] persons).

17 [illegible] v. [illegible], supra [illegible] v. Anaconda [illegible], supra [illegible] v. Witten, [illegible] v. Donovan, [illegible] v. [illegible] P.2d [illegible] (Cal., [illegible]).

The same principles apply when it is asserted that a payment qualifies as a gift for tax law purposes. There the presence of any expectation of benefit will defeat the necessary free and voluntary character of a donation. As the Tax Court states it (see In Re Lillian Pascarelli, 35 T.C. 1082, [illegible] aff'd. 485 F.2d [illegible]), "When a transfer is made with the expectation of [illegible] benefit flowing to the transferor then no gift has been made." The Supreme Court emphasized in Commissioner v. Duberstein, [illegible] U.S. [illegible], [illegible] (1960) that if a payment proceeds "[illegible] 'the incentive of anticipated benefit' of an economic nature...it is not a gift." There must be absence "of any expectation of future benefit" Bogardus v. Commissioner, 302 U.S. 34, 40 (1937)). Even a remote and speculative possibility of return benefit defeats the claim of gift. See Singer Co. v. United States, [illegible] F.2d 413 (Ct. Cl. [illegible]).

The governing principle -- which puts a heavy burden of proof on the [illegible] of a donation [illegible] a [illegible] of dominance or influence [illegible] on the question here presented. We may assume, arguendo, that a corporation could sometimes show that a professional employee's payment to the corporate PAC is voluntary, but the methods by which the corporate PACs are now operating utterly [illegible] such a conclusion, and the PAC contributions [illegible] corporations are targeting their PAC solicitations on highly vulnerable mid-level career employees with solicitations which make clear that political [illegible] PAC donations. The employees are not even [illegible] anonymity as conferring their choice whether to respond to the solicitation, and

there is the further implicit or explicit coercion of person-to-person solicitations (even by supervisors and by high company officials).[13/]

And the PAC contributions data further disproves free giving, for it is entirely inconsistent with normal political behavior. All the corporate PACs are splitting their donations between parties, thus giving substantial monies to candidates of a party opposed to that of the individual employee donor, almost of the PAC money goes out of the state on [illegible] collected from the employees. In addition, the amounts of individual donations are quite beyond normal political giving and the proportion of those who give ranges as high as 70% and 90% -- unparalleled levels of "voluntary" political activism.

The totality of this and other evidence we have reviewed proves that corporate PAC payments by large employers reflect non personal [illegible] the [illegible] of [illegible] [illegible]. [illegible] these [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] their [illegible] [illegible] prove [illegible] it is the employee's free will rather than his [illegible] [illegible] which induces the response to corporate PAC solicitations. [illegible] [illegible] [illegible] of the governing [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]

III. IF THE CORPORATE POLITICAL ACTION COMMITTEES' CHALLENGED OPERATIONS ARE PERMISSIBLE, THEN THE STATUTE'S BAN ON UNION CONTRIBUTIONS TO FEDERAL ELECTIONS IS DISCRIMINATORY AND VIOLATES THE CONSTITUTION

We have shown in the previous analysis that the voluntariness requirements of the federal law are being violated by the operations of the corporate Political Action Committees. If our presentation on that score should be rejected, there would arise for resolution a serious constitutional question concerning the validity of Section 441b a) of the statute, which forbids corporations and unions to make contributions to any federal election campaign. For if the back door contribution remains available to corporations, whose economic leverage over employees enables them through "voluntary" employee donations to contribute to federal election campaigns, then [illegible] in [illegible] and union contributions becomes plainly one-sided and discriminatory.

Corporations have enormous power over career employees. The [illegible] generally has no contractual job protection, and in addition depends for advancement entirely upon corporate good will. That [illegible] from employees substantial [illegible] for the corporation's political interests through contributions to the PAC, which then turn the contributions over [illegible] candidates. Even in the case of an employee more than willing and eager to contribute to the company PAC there is always present the fact that his contribution can buy corporate [illegible] will for advancement in career and pay. But for the employment relationship, it is obvious that the [illegible] donor would not be contributing to the corporate Political Action Committee.

Unions have no comparable economic power over thousands of career employees for building massive political treasure chests. Unions must depend for nearly all of their PAC resources upon contributions by their regular members typically averaging a dollar a year not $200 or $300 and more, as is the case with corporate PAC contributions. [illegible]

Under these circumstances, if Congress has permitted the operation of corporate Political Action Committees from contributions by career employees -- and particularly if such contributions are permitted without absolute assurance from the circumstances of the contribution and its amount and destination that it is entirely a free choice donation -- then Section 441b a) of the statute violates the Fifth Amendment's due process guarantee because it discriminates against unions in favor of corporations. Under that interpretation corporations are given a [illegible] making contributions to federal election campaigns [illegible] shareholders' contributions which would parallel union member contributions to a Union PAC, but from payments by their own corporation employees which clearly derive from the fact of the employment relationship.

Thus, if this Commission permits the operation of corporate Political Action Committees to continue under the conditions demonstrated in our submission, there would result a discrimination against labor unions rendering unlawful the statute's ban on union contributions to federal election campaigns. This consideration

[illegible] While unions [illegible] PAC contributions from some of their own employees (who are union members), they do not have numbers of professional employees [illegible] of making substantial PAC contributions in any way comparable to corporations. Thus, whereas all of the [illegible] million dollars raised by corporate PACs in 1978 came from professional employees -- and among the top corporate PACs [illegible] -- [illegible] union PAC funds raised in 1977-78 only [illegible] aggregating less than [illegible] thousand dollars was in contributions over $100. Thus, just three years after the 1976 Sun PAC ruling unleashed the corporate PAC syndrome, corporations already achieved a twenty to one advantage over unions in PAC funds contributed by their professional employees.

must be added to the other compelling considerations we have previously set forth in this complaint, to support the conclusion that corporate Political Action Committees are operating in violation of federal law.

IV. THE STATUTE'S PROVISION AUTHORIZING THE FINANCING OF THE COSTS OF CORPORATE PAC OPERATIONS FROM COMPANY ASSETS VIOLATES THE CONSTITUTIONAL RIGHTS OF STOCKHOLDERS

In this submission we have demonstrated that corporate Political Action Committee campaign contributions are based on employee donations which are not truly free and voluntary, as required by federal law. The donations, we have shown, are not an expression of individual political choice and [illegible] but arise from the employment relationship. But if our showing in that respect should be rejected and employee donations to corporate PACs were deemed completely free choice acts, there would arise another serious constitutional question: whether the financing of the costs of PAC operations from corporate assets, as authorized by [illegible] violates the [illegible] of stockholders.

If, as Congress appears to have intended,[1] a corporate PAC is a means of facilitating political activism by employees, then it is unclear why a stockholder should bear the costs of political operations which do not meet his own political interests and desires. [illegible] PAC operations [illegible] political parties [illegible] complaining [illegible] Democrats. [illegible] corporate PAC donations of the corporations to [illegible] Moreover, [illegible] of the corporate PAC money [illegible] to Democrats, complainants and [illegible] stockholders are not necessarily interested in the support of those particular candidates.

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[1] See, e.g., remarks of Congressman [illegible], 122 Cong.Rec. H.2539 [illegible] March [illegible].

Thus, when Congress approves the use of the stockholders' assets to meet the operating costs of corporate PACs it authorizes the involuntary use of a citizen's assets for the support of political candidates whom he may not wish to support and may actually oppose. Established constitutional principles bar such compulsory political exactions under sanction of law.[21]

The principle of freedom from compelled political tribute has been recognized and applied in a series of noted Supreme Court cases beginning with Street. See Machinists v. Street, 367 U.S. 740; Elrod v. Burns, 427 U.S. 347; Abood v. Detroit Board of Education, 431 U.S. 209. In Street, in order to avoid a First Amendment issue which would otherwise have arisen (id. at 740), the Court construed the Railway Labor Act to bar the compulsory exaction of employees' union dues for political purposes. As emphasized by the concurring opinion of Justice Douglas (at p. 776 [illegible] the fact of [illegible] a person to associate with others, [illegible] "[illegible] will [illegible] with his own [illegible] whether [illegible] political or philosophical... and he should not be [illegible] the [illegible] causes [illegible]."

There is no better reason to compel corporate stockholders to finance a political [illegible] than there was to require employees to [illegible] Street [illegible]. Preservation of freedom of political abstention is equally required

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[21] See Railway Employees v. Hanson, [illegible] U.S. [illegible] cf. Street, supra. It should be noted that Congress has not only authorized compulsory use of stockholders' assets for political purposes the stockholder may not support, but the fact that corporations do use stockholder assets to operate employee PACs results from Congressional action which [illegible] for corporate [illegible], and thus forced corporations to use the [illegible] of employee PAC [illegible]. See supra, p. [illegible]. When corporate action both derives from Congressional action and is sanctioned by [illegible], then constitutional limitations clearly apply. See supra, p. [illegible].

when, under 2 U.S.C. Section 441b(a)(C), stockholder assets are used by a corporation for the political purpose of funding solicitations for a PAC fund used to make political contributions. Indeed, when it comes to stockholders' assets used for politics, the applicable rule is foreshadowed by the emphasis of Justice White's opinion (dissenting on other grounds) in First National Bank v. Bellotti, 435 U.S. 765, [illegible]:

> "Of course, it may be assumed that corporate investors are [illegible] by a desire to make money, for the value of their investment to increase. Since even communications which have no purpose other than that of enriching the communicator have some First Amendment protection, activities such as advertising and other communications integrally related to the operation of the corporation's business may be viewed as a means of furthering the desires of individual shareholders. This unanimity of purpose breaks down, however, when corporations make expenditures or undertake activities designed to influence the opinion or votes of the general public on political and social issues that have no material connection with or [illegible] their business, property, or assets. [illegible] corporations make such expenditures because their managers believe that it is in the corporation's economic interest to do so, there is no basis whatsoever for concluding that these views are the expression of the heterogeneous beliefs of their shareholders whose convictions on many political issues are undoubtedly shaped by considerations other than a desire to [illegible] any electoral [illegible] cause which would tend to increase the value of a particular corporate investment. This is particularly true where, as in this case, whatever the [illegible] corporate [illegible] [illegible] [illegible] [illegible] candidate [illegible] [illegible] self-fulfillment of its shareholders in the way that expenditures from them as individuals would."

In sum, the [illegible] the operations costs of corporate Political Action Committees from company [illegible] violates the First Amendment rights of stockholders.[11] This provides yet another reason

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11. [illegible] can the [illegible] political use of stockholder assets for the [illegible] of corporate PAC be dismissed as [illegible] or when it [illegible] principle is inapplicable. [illegible] [illegible], [illegible] F.2d [illegible], [illegible]. In any event, [illegible] [illegible] from the stockholders' [illegible] appears to be substantial. The major corporation has [illegible] of company assets to raise $5 [illegible] [illegible] of Atlantic Richfield [illegible] [illegible].

why this Commission should find unlawful the corporate PAC operations here challenged as illegal.

8 7 6 5 7

CONCLUSION

For the reasons we have set forth it is urged that the corporate Political Action Committee operations, including those of the eleven named corporations, violate federal law and that appropriate remedial relief should be awarded by the Commission after investigation.

We the undersigned Complainants submit the foregoing Complaint. We are not candidates for federal office nor is the Complaint filed at the request of or on behalf of any candidate.

Respectfully Submitted,

[illegible]

International Association of
Machinists & Aerospace Workers
1300 Connecticut Avenue, N.W.
Washington, D.C. 20036 857-2200

[illegible]

William [illegible], President IAM
same address.

Union Complainants

[illegible]

[illegible]
[illegible] 22nd Street, N.W.
Washington, D.C. [illegible]

[illegible]

[illegible]
[illegible] Street, N.W.
Washington, D.C. [illegible]

[illegible]

[illegible]
[illegible] Connecticut Avenue, N.W.
Washington, D.C. [illegible]

Stockholder Complainants

[illegible]

[illegible]
Address [illegible] Carolina Ave. S.E., Wash. D.C.
Phone No. [illegible]

[illegible]

[illegible]
Address [illegible] Street [illegible]
Phone No. [illegible]

Citizen Complainants

VERIFICATION

I, William Winpisinger, being first duly sworn do assert that the foregoing Complaint is true.

William Winpisinger

Subscribed and sworn to before me
this [illegible] day of [illegible], 1979.

[illegible] (SEAL)

My Commission expires:

VERIFICATION

I, Alan Morrison, being first duly sworn do assert that the foregoing Complaint is true.

Alan Morrison

Subscribed and sworn to before me
this [illegible] day of [illegible], 1979.

[illegible] (SEAL)

My Commission expires:

VERIFICATION

I, Judy Reardon, being first duly sworn, do assert on information and belief that the foregoing Complaint is true.

Judy L. Reardon

Subscribed and sworn to before me
this [illegible] day of September, [illegible].

[illegible] [SEAL]
Notary Public

My Commission expires: July [illegible] 93

APPENDIX OF CORROBORATING MATERIALS

DART INDUSTRIES

1. DART SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate with MAC Associates, Washington, D.C.

2. DART MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: There is no indication that Dart makes any provision in the administration of its PAC to protect the anonymity of contributors or non-contributors.

3. DART CONCENTRATES ITS FUNDRAISING EFFORTS ON OFFICERS AND CORPORATE VICE-PRESIDENTS: This information was obtained from 1978 Dart disclosure reports filed with the FEC.

Aggregate	No.	% tot. contributors	Amt. of Contrib.	% tot. amt.	Average Contribution
Exec. level	123	55%	$ 85034.00	80%	$ 691
Breakdown by executive occupational level					
Chm. of Bd., corp. pres.	17	8%	$ 29850.00	28%	$1755
Div. Pres. & Exec. VP	57	25%	$ 43549.00	41%	$ 764
VP	49	22%	$ 11635.00	11%	$ 237

4. DART RELIES ON PERSON-TO-PERSON SOLICITATION OF ITS EMPLOYEES AND DOES NOT PROHIBIT SOLICITATION BY IMMEDIATE SUPERVISORS: Employees are subject to direct personal solicitation from Justin Dart, Chief Executive Officer, and from immediate supervisors. Individuals not contributing to the PAC are contacted by Dart himself and if they "don't give, they get a sell." (See Wall Street Journal, 3/15/78)

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS IN AMOUNTS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Dart disclosure reports filed with the FEC.

Occupat'l. Category	No.	% total contributers	Amount of Contribution	% tot. amount	Average Contribution
Exec. level	123	55%	$ 85034.00	80%	$ 691
Mid-lev. mgrs & profs.	83	39%	$ 12130.00	11%	$ 138
Lower level	7	3%	$ 1825.00	2%	$ 261
Unclassified	7	3%	$ 6750.00	6%	$ 964

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DART INDUSTRIES CONT'D.

6. ALTHOUGH MANY CONTRIBUTORS TO THE PAC ARE DEMOCRATS THE VAST PREPONDERANCE OF CORPORATE PAC MONIES GOES TO REPUBLICAN CANDIDATES.

Breakdown of Dart's contributors to federal candidates by House and Senate: (Information taken from FEC "D" Index)

House	No. Supported	% tot. cand.	Amt. of Contribution	% tot. contrib.
Democrats	5	16%	$ 7700.00	16%
Republicans	35	84%	$41250.00	84%
Senate				
Democrats	2	3%	$ 2150.00	3%
Republicans	23	97%	$72031.00	97%
Total				
Democrats	7	11%	$ 9850.00	8%
Republicans	58	89%	$113281.00	92%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 Dart disclosure reports filed with the FEC and the FEC "D" Index.

4 state aggregate
69% of the itemized receipts were obtained from employees in CA, FL, NJ and NY
22% of PAC federal disbursements went to races in these states.

State	Amt. Rec'd.	% tot. amt.	Amount Contributed	% tot. amt.
AL	$ 200.00	.2%	$ 150.00	.1%
AK	-	-	$ 1000.00	.8%
AZ	$ 4850.00	4%	$ 500.00	.4%
AR	$ 100.00	1%	$ 1500.00	1%
CA	$39719.00	32%	$17000.00	14%
CO	-	-	$ 6000.00	5%
CT	$ 4200.00	3%	$ 500.00	.4%
DE	-	-	$ 1759.00	1%
FL	$24950.00	24%	-	-
GA	$ 750.00	.6%	-	-
ID	$ 300.00	.3%	-	-
IL	$ 325.00	.3%	$ 3000.00	2%
IN	$ 100.00	.1%	-	-
IA	$ 125.00	.1%	$ 3509.00	3%
KS	-	-	$ 1000.00	.8%
KY	$ 500.00	.5%	-	-
LA	$ 250.00	.2%	-	-
ME	$ 500.00	.5%	$ 5009.00	4%
MD	$ 25.00	.02%	-	-
MA	$ 2175.00	2%	-	-
MI	$ 1000.00	1%	$ 5000.00	4%
MN	$ 1400.00	1%	$12009.00	10%
MS	-	-	$ 5009.00	4%
MO	$ 100.00	.1%	-	-
MT	-	-	$ 5009.00	4%
NE	-	-	$ 500.00	.4%
NV	$ 25.00	.02%	-	-

DART INDUSTRIES CONT'D.

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
NH	-	-	$ 509.00	.4%
NJ	$ 7425.00	7%	$ 7000.00	6%
NM	-	-	$ 250.00	.2%
NY	$ 6405.00	6%	$ 2500.00	2%
OH	$ 1000.00	1%	$ 2000.00	2%
PA	$ 575.00	.5%	$ 1000.00	.8%
RI	$ 200.00	.2%	-	-
SC	$ 250.00	.2%	$ 1400.00	1%
TN	$ 275.00	.2%	$ 2000.00	2%
TX	$ 3315.00	3%	$20000.00	16%
VA	$ 25.00	.02%	$ 3009.00	2%
VT	$ 125.00	.1%	-	-
WA	$ 1200.00	1%	$ 2000.00	2%
WV	-	-	$ 4009.00	3%
WI	$ 3200.00	3%	$ 1000.00	.8%
WY	-	-	$ 500.00	.4%
WASH.DC	$ 150.00	.1%	-	-

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: Article IV of the By-Laws of Dart Industries, Inc. PAC states that "no contributions made to DARTPAC shall be accepted when designated by the contributor for a named candidate or party."

9. PARTICIPATION RATE: 95% of the corporate officers and vice-presidents disclosed in the 1978 Standard & Poor's Register participate in the PAC. Information is not available concerning the participation rates of mid-level managers and professionals.

10. THE PUBLIC RECORD DOES NOT INDICATE ANY SPECIFIC PATTERN OF ORCHESTRATION OF EMPLOYEES' DONATIONS.

EATON CORPORATION

1. EATON SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. EATON MAKES NO PROVISION TO PROTECT THE ANONYMITY OF THOSE CONTRIBUTORS OR NON-CONTRIBUTORS: Eaton Public Policy Association By-Laws (9/77) make no provision to protect the anonymity of those contributors or non-contributors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: Mid-level managers and professionals constituted 88% of the total itemized contributors to the PAC in 1978 accounting for 71% of the total itemized contributions. (See 1978 Eaton disclosure reports filed with the FEC)
Job titles falling within this occupational classification:

Controller, Administrative
" , Division
" , Asst.
" , Plant
Gen. Mgr, Purchasing
Gen. Mgr.
Div. Mktg. Mgr.
Div. Mgr.
Mgr, Mktg. & Distrib.
" , Product
" , Mfg.
", Benefits
" , Professional Recruiting
" , Special Projects
" , Purchasing Policies
" , Admin.
" , Resources
", Info. Serv.
" , Mktg. Serv,
" , Computer Op.
" , Mktg. Res.
" , Proj. Syst. Dev.
", Planning Int'l.
" , Purchases
" , Syst. Dev.
" , Emp. Rel. & Labor
" , Data Admin.
" , Engineering
" , Factory
" , Plant
" , Production
" , Product Assurance
" , Mfg. Serv.
" , Planning
" , Dev. Admin.
" , Retain Op.
" , Mater. & Scheduling
" , Operations
" , Manufacturing Eng.

Eng., Chief Research
" , Principal
" , Plant
" , Executive
Mgr, Product Eng.
" , Salaried Payroll
" , State and Local Taxes
" , Treasury Serv.
" , Pub. Aff.
" , Sales
" , " - Key Accounts
" , " - Govt. Lease Accts.
" , General Sales
Eng., Chief Industrial
" Chief Project
Principal Eng of Electricity
Div. Mgr. Planning
Dir. Traffic
" Developments
" Audits
" Govt. Relations
" State and Govt. Rel.
" IIA
" Asst., Bus. Dev.
" Advertising Identity
" Planning
" Audio/Visual Comm.
Counsel, Associate
" Associate Patent
Sr. Patent Atty.
Asst. to VP, Acctg.
Mgr., Internal Audits
Mgr., Federal Income Taxes
Marketing Accountant
Parts Coord. Tech. Serv.
Asst. Sec.
Chief Pilot
Special Assignment
Personnel Rel. Planning

EATON CORPORATION CONT'D.

Product Program Development
Sr, Int'l. Analyst
Gen Foremen
General Mgr. General Products
Regional Mgr., Fluid Power
General Super.
Consultant
Mgr., Product Control
Unit Mgr.
Finance Director

4. EATON RELIES ON PERSON-TO-PERSON SOLICITATION OF ITS MANAGERS AND DOES NOT PROHIBIT SOLICITATION BY IMMEDIATE SUPERVISORS: There is no prohibition in the Eaton Public Policy Association By-Laws, Oct., 1977, on solicitation of subordinate employees by superiors or other higher-ups. In response to a survey conducted by Tykes Research Associates, Washington, D.C. in April, 1979, Eaton stated that " our face-to-face meetings with our managers were the most effective method of solicitation."

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS ENTIRELY BEYOND NORMAL POLTICAL GIVING: The following information was obtained from 1978 Eaton disclosure reports filed with the FEC.

Occupat'l. Category	No.	% tot. contributors	Amount of Contribution	% tot. amount	Average Contribution
Exec. level	25	11%	$15488.45	28%	$ 620
Mid-level mgrs & profs.	192	89%	$40077.67	71%	$ 209
Lower level supvs.	1	.5%	$ 177.11	.3%	$ 177

6. A SUBSTANTIAL NUMBER OF DONATING EMPLOYEES ARE DEMOCRATS BUT THE VAST PREPONDERANCE OF CORPORATE PAC MONIES IS GIVEN TO REPUBLICAN CANDIDATES.

Breakdown of Eaton's contributions to federal candidates by House and Senate: (information taken from FEC "B" index)

House	No. Supported	% tot. cand.	Amount of Contribution	% tot. con
Democrats	15	22%	$ 8560.00	12%
Republicans	53	78%	$63800.00	88%
Senate				
Democrats	2	10%	$ 150.00	5%
Republicans	18	90%	$271[illegible].00	95%
Total				
Democrats	17	19%	$10050.00	10%
Republicans	71	81%	$90050.00	90%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 Eaton disclosure reports filed with the FEC and the FEC "D" Index.

1 state aggregate:
53% of the itemized receipts were obtained from employees in OH.
8% of PAC federal donations went to races in this state.

4 state aggregate:
76% of the itemized receipts were obtained from employees in KY, MI, NC and OH.
32% of PAC federal donations went to races in these states.

State	Amt. Rec'd.	% tot. amt.	Amount Contributed	% tot. amt.
AL	-	-	$ 2250.00	2%
AR	$ 916.80	2%	$ 3750.00	4%
AZ	-	-	$ 250.00	.2%
CA	-	-	$ 2000.00	2%
CO	-	-	$ 4000.00	4%
GA	-	-	$ 550.00	.5%
IL	$ 2501.06	4%	$ 6100.00	6%
IN	$ 351.25	.6%	$ 2250.00	2%
IA	$ 413.04	.7%	$ 2100.00	2%
KS	-	-	$ 2750.00	3%
KY	$ 2434.69	4%	$ 4000.00	4%
ME	-	-	$ 900.00	.9%
MD	-	-	$ 750.00	.7%
MI	$ 8212.52	15%	$15800.00	16%
MN	$ 934.49	2%	$ 6000.00	6%
MS	-	-	$ 1000.00	1%
MO	-	-	$ 2500.00	2%
MT	$ 151.49	.3%	$ 1500.00	1%
NE	$ 550.51	1%	$ 1500.00	1%
NJ	$ 640.42	1%	$ 1500.00	1%
NM	-	-	$ 500.00	.5%
NY	$ 604.82	1%	$ 2050.00	2%
NC	$ 2405.83	4%	$ 3800.00	4%
OH	$29293.79	53%	$ 7750.00	8%
OK	-	-	$ 1100.00	1%
PA	$ 2535.66	4%	$ 5500.00	5%
SC	-	-	$ 300.00	.3%
SD	-	-	$ 1500.00	1%
TN	$ 1675.76	3%	$ 1700.00	2%
TX	-	-	$ 500.00	.5%
UT	-	-	$ 500.00	.5%
VA	$ 1111.62	2%	$ 4100.00	4%
WA	-	-	$ 1250.00	1%
WV	-	-	$ 2500.00	2%
WI	$ 528.27	.9%	$ 2250.00	2%
INT'L	$ 474.21	.8%	-	-

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EATON CORPORATION CONT'D.

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE EITHER BY PARTY OR CANDIDATE THE RECIPIENT OF THEIR DONATIONS: Eaton Corporation Public Policy Association makes no provision in the administration of its PAC for participating employees to earmark their contributions.

9. FEW EMPLOYEES DECLINE TO GIVE TO THE PAC: In response to Takes' Research Associates survey, in April, 1979, Eaton stated that 71% of their targetted "Incentive Compensation Managers" at various plant locations participated in the PAC

10. EATON CONTROLS THE AMOUNT OF EMPLOYEES' VOLUNTARY DONATIONS: Employees at similar occupational levels contribute similar amounts to the PAC and all employees participating in the payroll deduction plan for their political contributions had their deductions raided several times above normal in February, 1978. (See February, 1978 Eaton disclosure report filed with the FEC) 56% of participating employees contributed in amounts between $100-199.

GENERAL ELECTRIC

1. GENERAL ELECTRIC SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. G.E. MAKES NO PROVISION FOR PROTECTING THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: Although Article VI of the Non-Partisan Political Support Committee, Articles of Association as amended November 17, 1976, states"" committee members, solicitors and persons working with the Committee in any capacity shall treat as confidential all information concerning' the political contributions of individuals or their failure to contribute ", the FECA disclosure requirements negate such confidentiality.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: Mid-level managers and professionals constituted 78% of the total itemized contributors to the PAC in 1978 accounting for 56% of the total itemized contributions. (See 1978 G.E. disclosure reports filed with the FEC)
Job titles falling within this occupational category:

Managing Director
Associate Corporate Medical Dir.
Div. Gen. Mgr.
Reg. Mgr.
Div. Mgr.
Gen. Mgr.
" " Mobile Radio Dept.
" " Components Sale Dept.
" " Specialty Marketing
" " Motor & Driven Div.
" " Program
". ". Ordnance
" " Plastics
" " Int'l. App. Serv.
" " Project
" " Incandescent Lamp
" " Lamp Mktg.
" " Aviation Serv.
" " Prod. Qual. Oper.
" " Mktg. Dept.
" " Range Mnfg.
" " Dist. Fin & Serv.
" " Overseas App. Dept.
" " Lamp Comp. Div.
" " Cir. Protect. Div.
" " Gas Turb. Proj. Dept.
" " Turb. Gen. Div.
" " Gas Turb. Int'l.
" " Tech. appar. Op.
" " Switchgear Bus. Dept.
" " Dom. Loco. Mktg.
" " Dev. & Prod.
" " Adv. Dev. Prog.
" " Locom. Op.

Mgr. Mnftg.
" Mktg.
" Planning Integration
" Finance
" Fed. Adm. Rel. Op.
" Leg. & Exec. Proj.
" Aerospace Strat.
" Bus. & Venture Analy.
" Bus. Dev.
" Lighting Res. and Tech.
" " Finance
" Rel Op.
" Energy Eff. Eng.
" Group Rel.
" " Materials
" " Mfg.
" Nat'l. Adv. & March.
" Hot Point Brand
" Prod. Dist. Op.
" Ind. Design Op.
" Group Org. & Manpower
" Customer brands
" Major Appl. Fan
" Union Rel.
" Emp. Comp. & Ben.
" Corp. Educ. Rel.
" Survey Op.
" Bus. Dev.
" Corp. Form.
" Fin. Manpower
" Educ. Comp.
" Human Resources Plng.
" Corp. Lab. Info.
" Corp. Fin. Plng. & analy.

Mgr. Res. Dep & Int. Integration
" Lab. Aff.
" Nat'l. Res. & Traffic Op.
" Fixed Inc.
" Strat. Analy. Tech.
" Power Syst. Integ.
" Int'l. Trade Emp. Rel.
" Mktg. Op.
" Corp. Inst. Rel.
" Int'l. Dev.
" Int'l. Econ. Res.
" Prod. Control
" Mktg. & Strat.
" Econ. Res.
" Const. Fin. Div.
" Special Programs
" Group Exec. Manpower'
" Turb/Tech Assess.
" Banking & Corp. Fin.
" Insurance
" Solid State Appl.
" Foreign Fin.
" Fin. & Supp. Serv.
" Electronics Lab
" Aerospace Ind./ Gov. Act.
" Erie Rel.

Mgr. Del. Tech. Res.
" Space Sciences
" Personnel Acctg.
" Acctg. Serv. Op.
" Corp. Credit & Coll.
Consultant Exec Manpower Staff
" " Manager
Div. Counsel
Counsel
Atty.
Corp. Aff. Counsel
Int'l. Trading Counsel
Counsel, Gen.
" , Patent
" , Tax
" , Aerospace Group
Mgr. Eng.
" " Operations
Chief Eng. Prod.
Mgr. Eng. & Mnftg Eng.
Nat'l. Science & Eng.
Nat'l. Acctg. Sales
Gen. Mgr. Sales & Serv.
" Eur. Sales Op.
" SE Dealer Sales Op.
" Retail Sales Div.
" Mktg. & Distrib. Sales Op.
" Elec. Util. Exp. Sales
Staff Executive

4. THE ARTICLES OF ASSOCIATION OF THE NON-PARTISAN POLITICAL SUPPORT COMMITTEE PROHIBIT SOLICITATION BY ANY EMPLOYEES' SUPERIOR, BUT PERMIT PERSONAL SOLICITATION: Article VI of the Non-Partisan Political Support Committe, Articles of Association states that, " no employee shall solicit contributions from any other employee who reports to him or is below his level in the Company organization structure. However, in response to a survey conducted in April, 1979, by Tykes' Research Associates, Washington, D.C., GE states that person-to-person solicitation was the most effective method of contact with its employees.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 G.E. disclosure reports filed with the FEC.

Occupat'l. Category	No.	% total contributors	Amount of Contribution	% total amount	Average Contribution
Exec. level	87	22%	$ 44815.00	44%	$ 516
Mid-level mgrs. & prof.s	304	78%	$ 57535.00	56%	$ 189

6. ALTHOUGH INDIVIDUAL EMPLOYEES ARE USUALLY REGISTERED DEMOCRATS OR REPUBLICANS, AS A CORPORATION RELIANT ON GOVERNMENT CONTRACTS, GE ATTEMPTS TO MAXIMIZE ITS POLITICAL INFLUENCE BY SPLITTING THE PAC DONATIONS EVENLY BETWEEN REPUBLICAN AND DEMOCRATIC CANDIDATES.

Breakdown of G.E.'s contributions to federal candidates by House and Senate: (Information taken from the FEC "D" Index)

House	No. supported	% tot. cand.	Amount of Contrib.	% tot. contrib
Democrats	127	62%	$ 37075.00	64%
Republicans	77	38%	$ 21160.00	36%
Senate				
Democrats	25	47%	$ 20400.00	39%
Republicans	28	53%	$ 31460.00	61%
Total				
Democrats	152	59%	$ 57475.00	52%
Republicans	105	41%	$ 52620.00	48%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 G.E. disclosure reports filed with the FEC and the FEC "D" Index.

1 state aggregate:
39% of the itemized receipts were obtained from employees in CT.
3% of PAC federal donations went to races in this state.

4 state aggregate:
71% of the itemized receipts were obtained from employees in CT, KY, NY and OH.
11% of PAC federal donations went to races in these states.

State	Am't. Rec'd.	% tot. amt.	Amt. Contributed	% tot. am't.
AL	-	-	$ 4400.00	4%
AK	-	-	$ 2300.00	2%
AZ	-	-	$ 2400.00	2%
AR	-	-	$ 1500.00	1%
CA	$ 3310.00	3%	$ 6300.00	6%
CO	-	-	$ 2730.00	2%
CT	$40375.00	39%	$ 2850.00	3%
DE	-	-	$ 1700.00	1%
FL	$ 350.00	.3%	$ 1030.00	1%
GA	$ 765.00	.7%	$ 700.00	.6%
ID	-	-	$ 900.00	.8%
IL	$ 1375.00	1%	$ 5075.00	5%
IN	$ 3050.00	3%	$ 1150.00	1%
IA	-	-	$ 1100.00	1%
KS	-	-	$ 2725.00	2%
KY	$ 9140.00	9%	$ 1950.00	1%
LA	-	-	$ 3200.00	3%
ME	-	-	$ 2050.00	2%
MD	$ 350.00	.3%	$ 900.00	.8%
MA	$ 3150.00		$ 3775.00	3%
MI	$ 275.00	.3%	$ 6000.00	5%
MN	-	-	$ 5000.00	5%
MO	-	-	$ 1500.00	1%
MS	-	-	$ 3000.00	3%
MT	-	-	$ 1500.00	1%
NE	-	-	$ 1000.00	.9%

GENERAL ELECTRIC CONT'D.

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
NV	-	-	$ 200.00	.2%
NH	-	-	$ 1000.00	.9%
NJ	-	-	$ 3350.00	3%
NM	-	-	$ 2900.00	3%
NY	$14690.00	14%	$ 3885.00	4%
NC	$ 150.00	.1%	$ 2500.00	2%
OH	$ 9400.00	9%	$ 2875.00	3%
OK	-	-	$ 400.00	.4%
OR	-	-	$ 2500.00	2%
PA	$ 7365.00	7%	$ 1900.00	2%
RI	-	-	$ 1200.00	1%
SC	-	-	$ 4100.00	4%
SD	-	-	$ 1200.00	1%
TN	$ 650.00	.6%	$ 2850.00	3%
TX	$ 650.00	.6%	$ 5800.00	5%
UT	-	-	$ 300.00	.3%
VA	$ 2200.00	2%	$ 1550.00	1%
VT	$ 100.00	.1%	$ 100.00	.1%
WA	-	-	$ 1350.00	1%
WV	-	-	$ 1800.00	2%
WI	$ 725.00	.7%	$ 600.00	.5%
WY	-	-	$ 1080.00	1%
WASH., DC	$ 1600.00	2%	-	-
INT'L.	$ 2770.00	3%	-	-

8. GE PERMITS CONTRIBUTORS TO EARMARK DONATIONS, BUT THE OVERWHELMING MAJORITY OF CONTRIBUTORS DO NOT DO SO:
99 (25%) of the itemized contributors earmark their donations.
$18090.00 (18%) of the itemized contributions to the IAC are earmarked.
[13% of total PAC contributions]

List of Earmarkers:

Fritz Heimann
Gerhard Neumann
Robt. W. Barrie
Douglas S. Moore
John C. Dwyer
Carl Schemmer
Wm. C. Mackey
Eugene A. Harris
Spiridon N. Suciu
Daniel C. Kyker, Jr.
James T. Hughes
Charles Reed
H. David Culley
Ralph Medros
John W. Thurlow
Thos. K. Edenfield
Morris A. Zipkin
Marc J. D'Arcangelo
Louis E. Bret
L. Arthur Adinolfi
James R. Donnelley
Norman H. Schnell
Charles T. Hall
Edward M. Foley
Phillips S. Peter
Robt. J. Gerardi
Stanley C. Gault
Wm. J. Gattin
Allan Rayfield
Wm. L. Gifford
Wm. B. Frogue
Raymond F. Letts
Robt. Overholtzer
Don Grant
Louis V. Tomasetti
Jack Hope
James E. Worsham
Donald R. Lester
Fred O. MacFee
William A. Anderr
James R. Walz
John D. Evans
Fred Wellner
Will M. Quinn, Jr.

GENERAL ELECTRIC CONT'D.

Richard D. Falk
Walter L. Robb
Richard B. Smith
Charles H. Holley
Warren F. Kindt
Michael C. Finn
Bernard L. Koff
John C. Little
W. George Krall
Paul J. Teich
Lucas A. Hart, Jr.
Thos. D. Lenci
A. Lawrence Buckley
Kenneth Farmer
Theodore Chessler
Irving L. Griffin
Richard O. Donegan
Richard C. Hatch
Thos. H. Lee
Robt. J. Canning
Russell Whitmyer
John Flowers
Charles Lake
Thos. Hilbert
Raymond Schlewk
Alan J. MacDonald
Christopher Kastner
Brian Rowe

Thos H. Fitzgerald
Don L. Sorenson
Edward Woll
Wm. R. Fenoglio
James J. Costello
Robt J. Haughton
David W. Burke
Donald M. Hull
Terence E. McClary
Harold T. Hokanson
Marion C. Richardson
Vincent A. Johnson
Arthur M. Bueche
John B. Clarke
Robt. E. Fowler
Wm. B. Leithauser
Chas. R. Lynch
Orville R. Benner
Donald W. Cameron
Stephen K. Galpin
Herbert J. Kindl
Alfred Zavist
Ladislaus Warzecha
Eugene Apple
Chas. W. George
Lester Leitman
John E. Black

8. PARTICIPATION RATES: In response to Tyler's Research Associates survey, April, 1979, G.E. stated that 70% of its top managerial and professional employees participate in the PAC. 70% of the chief corporate officers disclosed in the 1978 Standard & Poor's Register participate in the PAC.

10. GE CONTROLS THE AMOUNT OF EMPLOYEES' VOLUNTARY DONATIONS: 61% of the PAC's itemized contributors holding mid-level managerial and professional positions contributed in amounts within the range of $100-300. 37% of the itemized contributors in this category contributed in amounts below this range and 3% contributed in amounts above the range.

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GENERAL MOTORS CORPORATION

1. GM SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employee; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. GM MAKES LIMITED PROVISIONS TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: As reported by Tykes Research Associates, Washington, D.C., all contributions to General Motors are sent directly to a trustee and not to the corporation. However, General Motors does not restrict person-to-person solicitation of subordinates by immediate supervisors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: 95% of GM PAC's political money comes from mid-level managers and professionals; their contributions accounted for 8% of the itemized contributions to the PAC.

Job titles falling within this occupational classification:

Personnel & PR	Dealer Org. Marketing Staff
Quality Control	Eng., Resources
Personnel & admin.	Org & Anal. Sales Staff
Program, Detroit Diesel Allison Div.	Admin & Spec. Proj.
Purch. & Prod. Control	Pub. Rel, Electro-Motive Div.
Exec. Dir. Res. Lab	Reliability, Buick Div.
Bus. Rel. Motor Ins.	Research & Eng
Gen. Dir. Central Office	Asst Dir. Plat Security
Fleet & Gov't Sales	Plat Env.
Legal Economics, Staff	Foundry Govt. Rel
Gen, Dir. Parts Oper.	Mfg. Serv
" Prod. Eng.	Oper. Anal. Frigidaire Div
Warren Cons, Packard Electric	Acctg Res.
Ass't Dir. Personnel	Industrial Hygiene
Distribution, Chevrolet	Car Distribution Purch
Field Dir. GM Parts	Asst Dir Prod. Assurance
Exec. Dir. Labor Rel.	Purchases, Cadillac Div.
Salaried Personnel, Pontiac Div.	Exec. Dir Procurement/Prod. Control
Field Oper. Parts Div.	Editorial Writing PR Staff
Dir. GM Acceptance Corp.	Syst. Dev. Central Office
Natl Fleet, Olds.	Gen Dir. Pub. Rel & Adv
Mat. & Prod. Control	Forward Ping, Hyatt Div.
Dir. GM Photographic Div.	Civic Involvement Program, Central Off.
Prod. Cont. Olds.	Quality Assurance, Diesel Equip.
Auto Emission, Env. activities	Tech Dir.
Dir. Corp. Prod & Plng	Admin DB & C, GMAC Div
Gen Time Sharing Info Serv.	Personnel Dev. Cadillac Div.
Sales Corp., Overseas	Gen Dir G.M.A. acctg Cent. Off
Purch Prod. Control	Dir Sales Anal/Distrib.
PR Tele-Serv	Service Section, GM Div.
Cost & Factory acctg.	Dealer Org. & Dev
Dep. Dir. Chev. Div.	Forward Plng & Facilities
Asst Dir. Financ. Staff	Emp. Ben. Plans Admin.
Info, Sect. & Comm.	Marketing Staff Oper.
Asst. Dir. Prod. Taxes	Home Econ. Frigidaire
Replacement Sales	Energy/Reliability
Plat. Eng. & Search Plng Div.	Personnel, Frigidaire

GENERAL MOTORS CONT'D.

Data Dev. GM
Exec. Compensation Records
Med. Dir. GM Parts Div.
" Fisher Body Div.
" GM Assembly Div
" Chev. Metal Coating
" Central Foundry Div.
" GMAC
" Pontiac Div.
Mgr. AC Spark Plug Div.
" Works
" GM Photographic
" Prod, Test & Eval.
" Asst. Zone
" Purch Guide Div.
" Parts Mktg.
" Nat'l Dealer Org
" Chart & Display
" Prod. GM Assembly
" Eng & Reliability
" Diesel Equip.
" Facilities Design & Moord.
" Reliability Audit
" Axle, Spring & Forge, Buick
" Delco A/C Unit
" Serv. legislative Corp.
" Part Sales
" Reg.
" Group Billing Account
" Toxic Mat. Control
" Mktg. Guide div.
" Western Reg
" Plan Eng. & Construction
" Price Anal.
" Eastern Reg
" Delco Electronics Div
" Staff Oper. Env. Activities
" Policies & Procedures
" Media Rel.
Plant Manager, Chev, Div
" GMAL
" Delco Remy
" GM Assembly
" Fisher Body Div.
" Final Assemb. Plants
" Electro-Motive
" Frigidaire
" Central Foundry Div.
" AC Spark Plug Div.
" Radiator Div.
" Eng. Plnt. Mgr.
" Pressed Metal Div.
" Guide Div.
Dept. Res. Eng.

Mat Control & Purch
Medical Dir. Milwaukee Div.
Mgr. GMAC Div.
" Chev, Sales Div.
" Nat'l. Accounts Sales
" Zone
" Control Branch
" General
" Field Programs
" Staff Oper.
" Battery Marketing
" Overseas Branch Oper.
" Prod. Fisher Body Div.
" Mat. & Mktg. Div.
" Reg. Cadillac
" Proj. Overseas Oper.
" Gen Sales
" Purch. Admin
" Truck Centers GM.
" Manpower Research
" Trans Plant Buick Motor
" Automotive Sales
" Advertising
" Control Branch
" Dealer Serv
" Asst. Gen Sales Admin.
" Real Estate Mktg.
" Parts Supply
" Shows & Exhibits
" Pacific Reg. Truck & Coach Div.
" Sales Promotion
" Computer Syst.
" Nat'l. Markets Central
" Industrial Hygiene Lab
" Econ Studies & Pass Car
" Distrib. & Fleet Sales
" Steering Gear Div.
" Budgets & Cost Control
" Gen. New Departure
Hd. Electr. Eng.
Staff Eng
Ch. Eng.
Sr, Staff Eng.
Asst Ch. Eng.
Industrial Eng.
Resident Prod. Eng.
Dept. Research Eng.
Supt. Eng.
Product Eng
Sales Eng.
Asst. Staff Eng.
Standards Eng.
Gen Supt. Eng.
Dir. Eng. Programs

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GENERAL MOTORS CORPORATION CONT'D.

Exec. Asst. to VP Eng.
Staff Eng. Detroit Diesel
Chief Eng. Truck Div.
Supt of Mfg, Engineering
Supt., Gen Detroit Diesel
" Assnt
Gen Supt. Product Control
Gen. Supt. Design
Div. Comptroller
Resident Compt.
Asst. Compt.
Div. auditor
Asst. Dept. Head, Research Labs
Head, Estimating Dept.
Asst. Dept. Head
Gen Purchasing Agent
Asst. Gen Counsel
Patent Atty
Chief Metallurgist,
Assnt Physician
Editor
Chief, Product Reliability
Chief, Syst. Analysis
Master Mechanic
Area Financial Coord
Chief Inspector

Mgr. Current Prod. Eng.
Asst. Chief Process Eng.
Trans/Axle Staff Eng.
Mgr. Syst. Eng.
Supt. Mortgage & Construction
Supt. Mfg. Olds
Supt. Work Standards
Supt. Electro-Motive Div.
Asst. Treasurer
Gen Dir. Compt. Staff
Gen Auditor
Head, Plnt Eng. & Construction Div.
Library Dept. Head
Dept. Hd, Computer Science
Hd, Plastics Mfg
Staff Research Scientist
Dept. Research Scientist
Atty in Charge
Exec. in charge of Communications
E " Serv. Parts Oper/
General Administrator
Chief, Int'l. Aero
Exec. Asst. to VP
Div. Mfg. Coordinator
Sr. Economist
Group Chief Designer

(This information was obtained from 1979 General Motors disclosure reports filed with the FEC.)

4. GM DOES NOT RESTRICT PERSON-TO-PERSON SOLICITATION OF SUBORDINATES BY IMMEDIATE SUPERVISORS: There is no known prohibition on solicitation of subordinate employees by supervisors or other superiors; the corporation relies on person-to-person solicitation for its political funds.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS IN AMOUNTS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 GM disclosure reports filed with the FEC.

Occupat'l. Category	No.	% total contributors	Amount of Contribution	% total amount	Average Contribution
Exec. level	34	4%	$ 20300.00	16%	$ 600
Mid-level mgrs. & profs.	716	95%	$108625.00	84%	$ 152
Lower level	1	.1%	$ 50.00	.04%	$ 50
Unclassified	2	.3%	$ 200.00	.1%	$ 100

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GENERAL MOTORS CONT'D.

6. ALTHOUGH MANY CONTRIBUTORS TO THE PAC ARE DEMOCRATS, THE VAST PREPONDERANCE OF CORPORATE PAC MONIES GOES TO REPUBLICAN CANDIDATES.

Breakdown of GM's contributions to federal candidates by House and Senate. (This information taken from FEC "HP" Index)

House	No. Supported	% tot. cand.	Amt. of Contrib.	% tot. contrib.
Democrats	6[illegible]	41%	$ 10025.00	32%
Republicans	95	59%	$ 42050.00	68%
Senate				
Democrats	12	30%	$ 11500.00	24%
Republicans	28	70%	$ 36600.00	76%
Total				
Democrats	73	39%	$ 31325.00	28%
Republicans	123	61%	$ 78650.00	72%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR CAMPAIGNS IN OTHER STATES. This information was compiled from 1978 GM disclosure reports filed with the FEC and FEC "HP" Index.

4 state aggregate
83% of the itemized receipts were obtained from employees in MI, OH, IN and NY
30% of GM federal donations were spent on races in these states.

State	Amt. Recd.	% tot. amt.	Amt. Contributed	% tot. amt.
AL	$ 200.00	.2%	$ 4000.00	4%
AK	-	-	$ 1000.00	1%
AZ	$ 200.00	.2%	$ 1000.00	1%
AR	$ 100.00	.1%	$ 700.00	.6%
CA	$ 2535.00	2%	$ 4000.00	4%
CO	$ 300.00	.2%	$ 1200.00	1%
CT	$ 150.00	.1%	$ 200.00	.2%
DE	-	-	$ 1000.00	1%
FL	$ 545.00	.4%	$ 400.00	.4%
GA	$ 1575.00	1%	$ 850.00	.2%
ID	-	-	$ 2100.00	2%
IL	$ 5385.00	4%	$ 6025.00	5%
IN	$13463.00	10%	$ 1475.00	1%
IA	$ 100.00	.1%	$ 1500.00	1%
KS	$ 475.00	.4%	$ 1000.00	1%
KY	$ 200.00	.2%	$ 600.00	.6%
LA	$ 400.00	.3%	$ 4125.00	4%
ME	-	-	$ 1100.00	1%
MD	$ 300.00	.2%	$ 1000.00	1%
MA	$ 400.00	.3%	$ 1000.00	1%
MI	$75577.00	58%	$23[illegible]	22%
MN	$ 400.00	.3%	$ 4100.00	4%
MS	-	-	$ 1000.00	1%
MO	$ 500.00	.4%	$ 1600.00	1%
MT	-	-	$ 1000.00	1%
NE	-	-	$ 1000.00	1%
NV	-	-	$ 200.00	.2%

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GENERAL MOTORS CONT'D.

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
NH	-	-	$ 700.00	.6%
NJ	$ 1055.00	.8%	$ 2550.00	2%
NM	-	-	$ 1000.00	1%
NY	$ 6774.00	5%	$ 2950.00	2%
NC	$ 210.00	.2%	$ 1600.00	1%
ND	-	-	$ 200.00	.2%
OH	$12[illegible].00	10%	$ 5300.00	5%
OK	$ 400.00	.3%	$ 1200.00	1%
OR	-	-	$ 1000.00	1%
PA	$ 550.00	.4%	$ 2900.00	3%
RI	-	-	$ 200.00	.2%
SC	$ 25.00	.01%	$ 2500.00	2%
SD	-	-	$ 1800.00	2%
TN	$ 100.00	.1%	$ 2700.00	2%
TX	$ 1425.00	1%	$ 5850.00	5%
UT	-	-	$ 600.00	.6%
VA	$ 350.00	.3%	$ 1300.00	1%
WA	$ 200.00	.1%	$ 1800.00	1%
WV	-	-	$ 3100.00	3%
WI	$ 1350.00	1%	$ 500.00	.5%
WY	-	-	$ 1100.00	1%
WASH, DC	$ 250.00	.2%	-	-
INT'L	$ 200.00	.2%	-	-
UNKNOWN	$ 275.00	.2%	-	-

8. EMPLOYEES ARE PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: 24 (3%) of the total itemized contributors to the PAC earmarked their contributions. These contributions accounted for $1780 (1%) of the total itemized PAC receipts.

List of Earmarkers

Loyl R. Thomas	Christ Drakopoulos	Herbert Leitz
William A. Frye	Anthony DeLorenzo	William B. Winters
Garrett H. Street	Carl E. Blaize	Thomas E. Darnton
James B. Stuart, Jr.	Lee L. Turner	Russell Hughes
Herbert K. Bates	Noah D. Harper	George C. Davis
E.H. Ryan	James R. Hebden	Loven Lamenguth
James L. Logan	Edward L. Schreitmueller	Frank J. Wolf
R.C. Wilson	Robert L. Albinson	Morris Berg

9. PARTICIPATION RATES: The participation rate of employees contributing to GM's PAC cannot be determined from the public record.

10. GM CONTROLS THE AMOUNT OF EMPLOYEES' "VOLUNTARY" DONATIONS: 75% of participating employees' contributions fell within a range of $100-300. (This information was obtained from 1978 GM disclosure reports filed with the FEC.)

GRUMMAN CORPORATION

1. GRUMMAN SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate with MAC Associates, Washington, D.C.

2. GRUMMAN MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: Grumman PAC By-Laws, as amended through Nov. 2, 1977, make no provision for protecting the anonymity of contributors or non-contributors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS Mid-level managers and professionals constituted 75% of the total itemized contributors to the PAC in 1978 accounting for 81% of the total itemized PAC receipts. (See 1978 Grumman disclosure reports filed with the FEC)

Job titles falling within this occupational classification:

Secy. & Dir. of Personnel
Dir. Commercial Syst.
" Design Eng.
Deputy Dir.
" Dep. Software Syst/
Director
Dir. Intelligence
" Representative
" Mat. Mgmt.
" Space Prog. Op. Wash.
" Prog. Mgmt.
" Dep. Airforce Requirement
" Med. Dpt.
" EF 111A Prog.
" Asst. Advance Concepts
" Dep. Bus. Oper.
" Prog. Mgmt.
Program Director
Dir. Bus. Mgmt. Admin.
Dep. Gen Mgr.
Mgr. Special Proj.
" Syst. Ev.'
" mat.
Manager
Manager, Asst.
" EF ILS Prog.
" Quality Control
" Resources
" Army Requirements
" A6 Flight Test
" Flight Test
" Program
Contract Management
Program Mgr. A/C
Proj. engineer
Project Leader, RF Support Eng.
Engineer
" Electro/Optical Supt.
" Sr. Liason
" Senior
" Group Specialist
" Sup. RF & VIS Equip.
" RF Equip. Design
" Specialist
" Group Leader
" Metallurgical
" Prelim. Design
" Management Admin.
" Principal
" Support Supv.
" Liason, Tech, Op.
Analyst
Chemist
Tech Specialist
Contributions administrator'
Sr. Contract Admin.
Crew Syst. Equip. Integration
Tech. Staff Asst. Sr.
Supt. & Control
Special Staff Asst.
Asst. to Corp. Officer
Designer
Tech. Editor Sr.
Informal Liason
Trust & Investor Relations
LTC Projection Captain

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GRUMMAN CORPORATION CONT'D.

4. SOLICITATION OF SUBORDINATES BY IMMEDIATE SUPERVISORS: Grumman PAC By-Laws do not restrict solicitation by supervisors or other higher-ups of subordinate employees. (See Grumman PAC By-Laws as amended through 11/77).

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Grumman disclosure reports filed with the FEC :

Occupat'l. Category	No.	% total contributors	amount of Contribution	% total amount	Average Contribution
Exec. level	24	15%	$ 11232.20	41%	$ 468
Mid-level mgrs. & profs.	121	75%	$ 14040.00	51%	$ 116
Lower level	13	8%	$ 1565.00	6%	$ 120
Unclassified	2	1%	$ 400.00	1%	$ 200

6. ALTHOUGH INDIVIDUAL EMPLOYEES ARE USUALLY DEMOCRATS OR REPUBLICANS, AS A CORPORATION RELIANT ON GOVERNMENT CONTRACTS, GRUMMAN ATTEMPTS TO MAXIMIZE ITS POLITICAL INFLUENCE BY SPLITTING ITS PAC DONATIONS EVENLY BETWEEN DEMOCRATS AND REPUBLICANS.

Breakdown of Grumman's contributions to federal candidates by House and Senate: (Information taken from 1978 FEC "RD" Index)

House	No. Supported	% tot. cand.	amount of Contribution	% tot. [illegible]
Democrats	31	57%	$ 30[illegible].00	59%
Republicans	23	43%	$ 20[illegible].00	41%
Senate				
Democrats	3	43%	$ 8[illegible].00	31%
Republicans	4	57%	$ 17[illegible].00	69%
Total				
Democrats	34	56%	$ 38[illegible].00	50
Republicans	27	44%	$ 38[illegible].00	50%

GRUMMAN CORPORATION CONT'D.

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from the 1978 Grumman disclosure reports filed with the FEC and the FEC "D" Index.

4 state aggregate:
98% of the itemized receipts were obtained from employees in CA, FL, NY and VA. 54% of PAC federal donations went to races in these states.

State	Amount Rec'd.	% tot. amt.	Amount Contributed	% tot. amt.
AL	-	-	$ 2500.00	3%
CA	$ 416.00	2%	$ 3000.00	4%
FL	$ 306.00	1%	$ 3000.00	4%
GA	$ 208.00	.8%	$ 7400.00	10%
MD	$ 208.00	.8%	$ 750.00	1%
MI	-	-	$ 1500.00	2%
MO	-	-	$ 500.00	.7%
NC	$ 106.00	.4%	-	-
NJ	$ 130.00	.5%	$ 500.00	.7%
NY	$24455.20	90%	$31050.00	41%
OH	-	-	$ 1100.00	1%
PA	-	-	$ 800.00	1%
SC	-	-	$ 6500.00	8%
TN	-	-	$ 5000.00	7%
TX	-	-	$ 9500.00	12%
VA	$ 1408.00	5%	$ 3500.00	5%

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: Grumman PAC By-Laws (as amended through 11/77) make no provision in the administration of the PAC for participating employees to earmark their contributions.

9. PARTICIPATION RATES: There is no information available concerning participation rates of PAC contributors.

10. GRUMMAN CONTROLS THE AMOUNT OF EMPLOYEES' "VOLUNTARY" DONATIONS: The 1978 Grumman PAC disclosure reports filed with the FEC show a remarkable level of orchestration in employee contributions. According to these reports, 70% of the total itemized contributors gave exactly $104. (79% of Grumman's total receipts are unitemized.)

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INTERNATIONAL PAPER

1. INTERNATIONAL PAPER SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees ; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. CONTRIBUTIONS TO THE PAC ARE THEORETICALLY HELD IN CONFIDENCE: The Voluntary Contributors for Better Government Program Plan & Guidelines states that "If an employee returns his Enrollment Card directly to his Better Government Spokesman, the Spokesman is prohibited from discussing the employee's decision with anyone." However, the Enrollment Card must "be turned in to the Payroll Department which will arrange the withholding and to the Secretary-Treasurer of the program who will file reports as required by law." This latter provision negates any anonymity a contributor or non-contributor may hope to secure.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: While 40% of the itemized contributors are not properly identified as required by the Federal Election Campaign Act, of those properly identified, 43% hold mid-level managerial and professional positions.

Job titles falling within this occupational classification:

Dir. Eng. & Construction
Staff Forester, Tree
Mgr. Project Mngmt.
Gen. Mgr.
Mgr. Forest Products
" Tech. & Admin.
Dept. Supvr. Shipping
Mgr. Forest Ind.
Supvr. Mgmt. Dev.
Area Supvr. Electricity
Oper. Supv.
Cousel-Woodlands Rd. Op.
Dir. Mftg. Serv.
Sales Mgr.
Wood Prod. Op.
Supvr. Timberlands
" Maintenance & Engineering
" Pulp
" Production
" Wood Products
" Fiber Plng.
" Wood Accounting
" Maintenance
" Retail
" District
" Mech. Maintenance
" AR
Counsel
Mgr. Branch
" AP Valpren TZ
" Forest Res. Allocation
" Prod. Plng.
" Purchase Storage
" Prod. Reprod.
" Trans. Serv.

Mgr. Landowner Assn.
Res. Scientist
Sr. Design Eng.
Branch Mgr.
Gen. Mgr. Plant
Sr. Internal Audit
Legislative Associate
Wash. Corp. Affairs Rep.
Corp. Affairs Rep.
Res/For. Gen. Tree
Mgr. Production
" Territory, Sr.
" Employee Relations
" Plant
" Product
" " , Plywood
" Mill
" Mnftg.
" Woodlands/GV
" Sales
" Construction
" Nat'l. Accounts
" Nat'l. Distribution
" Int'l. Res. Dev.
" Marketing
" Wood Products
" Strategic Analysis
" Dev. Tech.
" Op. Plng.
" Community Programs
" Fin/Admin. Serv.
" Creative Mktg.
" Tech. Serv. Lab'
" Credit
Gen Mgr. US Cont. Div.

INTERNATIONAL PAPER CONT'D.

Supv. Env. Serv.
Proj. Eng.
Dir. Fin. Serv. DAVOL
Counsel Specialty Purch.
Gen. Mgr. F C & I Div.
Mgr. Trans. Serv.
Counsel Wood Prod.
" Sci. & Tech.

Sr. Proj. Forester
Supv. Mech/Maint.
Sr. Ind. Eng.
Asst. Treas., Credit & Cust. Serv.
Coord. Pub. Affairs
Dir. Bus. Strat. & Eval.
Proj. Mgr. PAPCO

(This information was obtained from 1978 International Paper disclosure reports filed with the FEC.)

4. INTERNATIONAL PAPER DOES NOT PERMIT DIRECT SOLICITATION OF SUBORDINATE EMPLOYEES BY IMMEDIATE SUPERVISORS, BUT DOES NOT RESTRICT PERSON-TO-PERSON SOLICITATION: The Voluntary Contributors for Better Government Program Plans and Guidelines state that "no superior should solicit a subordinate". However, the Plans and Guidelines do not restrict person - to - person solicitation of employees.

5. EMPLOYEES' "VOLUNTARY" DONATIONS FAR EXCEED NORMAL POLITICAL GIVING: The following information was obtained from 1978 International Paper disclosure reports filed with the FEC.

Occupat'l Category	No.	% tot. contributors	Amount of Contribution	% tot. Amt.	Average Contribution
Exec. Level	33	10%	$ 11719.10	22%	$ 355
Mid-level mgrs. & prof.	131	43%	$ 20540.30	46%	$ 157
Lower level	18	6%	$ 2356.57	4%	$ 131
Unclassified	121	40%	$ 16759.74	28%	$ 139

INTERNATIONAL PAPER CONT'D.

6. A SUBSTANTIAL NUMBER OF DONATING EMPLOYEES ARE DEMOCRATS BUT THE VAST PREPONDERANCE OF CORPORATE PAC MONIES IS GIVEN TO REPUBLICAN CANDIDATES.

Breakdown of International Paper's contributions to federal candidates in House and Senate. (Information taken from FEC "D" Index)

House	No. Supported	% tot. cand.	Amount of Cont.	% tot. contrib.
Democrats	61	41%	$ 37366.00	31%
Republicans	87	59%	$ 82894.00	69%
Senate				
Democrats	13	39%	$ 12050.00	21%
Republicans	20	61%	$ 46075.00	79%
Total				
Democrats	74	41%	$ 49416.00	28%
Republicans	107	59%	$129069.00	72%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 International Paper disclosure reports filed with the FEC and the FEC "D" Index.

4 state aggregate
65% of the itemized receipts were obtained from contributors in AL, LA, NY and TX. 16% of PAC federal donations were spent on races in these states.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
AL	$ 7485.18	14%	$ 2328.00	1%
AK	-	-	$ 3500.00	2%
AR	$ 1741.86	3%	$ 8750.00	5%
CA	$ 1387.17	3%	$ 5250.00	3%
CO	$ 233.20	.5%	$ 5800.00	3%
CT	-	-	$ 2000.00	1%
FL	-	-	$ 4900.00	3%
GA	$ 668.77	1%	$ 4200.00	2%
ID	-	-	$ 1500.00	.8%
IL	$ 436.51	.8%	$10576.00	6%
IN	-	-	$ 1700.00	1%

INTERNATIONAL PAPER CONT'D.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978 CONT'D.

State	Amt. Rec'd.	% tot. amt.	Amt/ Contrib.	% tot. amt.
IA	-	-	$ 2000.00	1%
KS	$ 277.09	.5%	$ 3000.00	2%
KY	-	-	$ 750.00	.4%
LA	$ 1853.78	4%	$ 7918.00	4%
ME	$ 108.79	.2%	$ 7540.00	4%
MD	$ 102.87	.2%	$ 2000.00	1%
MA	-	-	$ 3900.00	2%
MI	$ 760.96	1%	$ 9300.00	5%
MN	$ 379.41	.7%	$ 8250.00	5%
MS	$ 1292.71	3%	$ 8600.00	5%
MO	-	-	$ 2000.00	1%
NE	-	-	$ 2000.00	1%
NH	$ 259.55	.5%	-	-
NJ	$ 101.75	.2%	$ 350.00	.2%
NM	-	-	$ 100.00	.06%
NY	$16221.86	32%	$ 6150.00	3%
NV	-	-	$ 500.00	.3%
NC	$ 358.68	.7%	$ 3100.00	2%
OH	$ 235.91	.5%	$ 3900.00	2%
OK	$ 1110.67	2%	$ 2123.00	1%
OR	$ 881.27	2%	$ 2600.00	1%
PA	$ 298.97	.6%	$ 4000.00	2%
RI	$ 977.91	2%	$ 500.00	.3%
SC	$ 821.44	2%	$ 9150.00	5%
SD	-	-	$ 2000.00	1%
TN	$ 477.29	1%	$10100.00	6%
TX	$ 7671.95	15%	$14125.00	8%
VA	-	-	$ 3000.00	2%
WA	$ 1059.36	2%	$ 6175.00	3%
WI	$ 221.75	.4%	$ 1250.00	.7%
WY	-	-	$ 1000.00	.6%
WASH.DC	$ 1012.69	2%	-	-
UNKNOWN	$ 2944.44	6%	-	-

8. EMPLOYEES ARE PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: While International Paper employees can earmark their contributions, only 7% of the contributors asctually did so to some extent, and they earmarked only .5% of the total PAC expenditures. ($1179.14 earmarked by itemized contributors constituted 2% of the total itemized contributions to the PAC.)

List of Earmarkers

E.W. Carney	Robert Dahlquist	F.G. Troisi
M.G. Meisner	Jerry Williams	Leo Trautman
Chas. Schretzman	Wm. J. Russell, Jr.	Wm. R. McClung
D.J. Whitton	Joan Mokray	Warren Jorgensen
John R. McDowell	W.D. Lambert	Warren Wirtz
Neal Klingingsmith	Philip Cunningham	Jim Scott
Edward Lettiss	J. Stanford Smith	William Hutton
Ralph Alfonso		

INTERNATIONAL PAPER CONT'D.

9. PARTICIPATION RATE: The participation rates of contributing employees cannot be determined from the public record.

10. ORCHESTRATION OF "VOLUNTARY" DONATIONS: The public record does not reveal any level of orchestration of employees' contributions due to the incompleteness of International Paper's disclosure reports filed with the FEC.

STANDARD OIL OF INDIANA (AMOCO)

1. AMOCO SOLICITS UNPROTECTED CABLE EMPLOYEES: Employee contracts for white-collar or managerial employees are rare; 5/4/79 telephone conversation with Jeff Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. AMOCO MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: The program guidelines (published 3/1979) of amoco's PAC maintain that a "basic policy of confidentiality will be followed." The guidelines, however, also state that "Standard employees involved in administering the program, such as the Treasurer (who receives contributions) and the Personnel Records Center (which, of course, would be aware of payroll deductions), will have access to such information." This latter provision negates any confidentiality a contributor or non-contributor may hope to secure.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: 87% of Amoco PAC's contributors are mid-level amangers and professionals. These individuals' contributions account for 78% of the total itemized contributions to the PAC. (This information was obtained from 1978 Amoco PAC disclosure reports filed with the FEC.)

Job titles falling within this occupational classification:

Gen. Mgr. Gas Project
" Prod. Merch.
" Oper. Plng.
" Fund Inv/Rel
" Emp. Rel.
" Gov. Affairs
" Supply Plng.
" Inf. Serv & Mgmt.
Mgr. Purch. Mkts & Spec. Purch.
" Fiel. Contr.
" Oper. Pipln.
" Process Design
" Bldg Eng & Shpt.
Terr. Mgr. #1
Dist. Mgr.
Refinery Mgr.
Mgr. Capital Inv.
Area Mgr. Asphalt
Sr. Terr. Mgr.
Dist. Mgr. Resle/Job Atl.
Mgr. Field Distrib.
" Jbr. Rel & Mdt
Gen Mgr. Supply
Asst. Gen Mgr. Pat. & Lic.
Gen. Mgr. Chem Supply
" Mfg. Poly.Olefins
Reg. Emp. Rel. Mgr.
Mag. Proc. Mgr.
Div. Empl. Mgr.
Reg. Adm. Mgr/
Mgr. Rel. Coord.
Div. Prod. Mgr.
Adm. Mgr.
Reg. Adm. & Econ Mgr.
Va & Reg. Mgr.
Mgr. Prod. Oper.
Expl. Mgr. Frontier
Mgr. Air Mtg.
Mgr. Field Distrib.
Mgr. Data Proc.
" Advert. & Merch.
" Light Oils
" Purchasing
" Util & Env.
" Maint. Serv.
" Oil Movement
" Transportation Plng.
" & ? Term
" Pesticides
" Amoco Motor Club
" Training
" Mgr. Opn.
" Rep. Coord.
" Information Serv.
" Asphalt
" Fertilizer
" Petrochem & Const.
" Traffic
" Crude Oil Supply
" Processing
" Strategic Plng
Sr. Staff Adv. Rel.
Area Mgr. Fin. Plng.
Mgr. Statements and Reports
" Supply Plng & Econ.
" Gas Regulatory Stud.
" Data base Admin.
" Syst. Dev.

AMOCO CONT'D.

Mgr. Prop. Ins. Prog.
" Educ. Dev.
Manager
Office Manager
Mgr. Prog & Serv.
" Planning
" Projects and Services
" Acctg. Serv
" Utilities
" Allocation
" Geophysical Tech. Proj.
" Marine Personnel
Dir. Proc & Catalyst
Stf. Dir. Hvy Oil & Spec. Proc.
Stf. Dir. Mktg.
Dir. Merit Employment
" Real Estate
" Pub & Gov. Affairs
" Opns Res. Mktg.
" Corp. Social Policy
" State Affairs
" Plng. Syst.
" Fin Eval. & anal.
" External Rept. & Pol.
" Minority Enter,
" Res. Serv.
" Chems Feed Stock
Tech. Dir. Dec Plnt.
Mgr. Dir. MV Acc
Dir. Op&T Results Mgt
Supv. Syst. Anal.
Group Supv. Comp. Syst.
Supv. Cntl Rp&T Am Ecna
" Schedule & Cntl.
Tech. Supv. Data Telecom
Sect Supv. Des. & Imp.
Supv. Media Rel.
" Pub. & Gov. Affairs
" Syst. Anal.
Dist. Supt.
Div. Oper. Supt.
Div. Purch. Supt.
Ref. Adm. Serv. Supv.
Reg. Computer Supv.
Div Fac Supt.
Reg. Cost Taation Supt.
Div. Drilling Supt. #3
Proj. Supv. #1
Supv. Cum' OrsRegbls
Supt. Oper. OmeSch
Supt. #2
Supt Env. Contrl & Sfty
Supt. Oil Mymnt Econ & Sched.
Supt. Proc. Trng

Gen Maint. Supv.
Exploration Supt.
Refinery Mgr.
Staff Pub. Affairs Advisor
Sr. Pub. Aff. Res. Anal.
Gov. Affairs Rep.
Mgr. Community Serv.
Wash. Rep. #2
Sr. Publ affairs Advisor
Leg. Plng. Coord #3
Pub. Aff. Coord. Chemicals
Mgr. Personnel Records
Stf Employee Rel. Rep.
Dir. Personnel Plng.
Sr. Claims Atty
Sr. Atty #3
Assoc. Gen. Coun.'
Sr. Tax Atty #2
Gen Tax Atty #2
Gen Claims Atty
Gen Atty Corporate
Ass. Tax Coun.
Sr. Atty
Atty
Reg. Atty
Res. Ass
Mgr. Process Res.
Sr. Res. Ass.
Res. Supv. #2
Res. Dir.
Res. Supv. #2
Staff Geophysicist
Sr. Paleontologist
Div. Geologist
Sr. Geoph. Assoc.
Consulting Geoph.
Petroleum Geologist
Proj. Geophysicist
Res. Consultant
Mgr. Exploratory Res.
Sr. Int., Eng. Prof.
Mgr. Eng. & Mntr.
Sr. Eng. #1
Supt. Eng. & Tech.
Supt. Eng.
Int. Prov. Eng.
Mgr. Mgt. Ser.
Chief Eng. Mech. Comp.
Eng. #
Eng. #2
Sr. Consulting Eng.
Eng. #1
Sr. Eng. #
Sr. Res. Eng.

AMOCO CONT'D.

Reg. Oper. Geophysicist
Assoc. Paleontologist
Geological Advisor
Geological Assoc.
Mgr. Marine Plnt & Constr.
Stf. Mech. Eng.
Reg. Eng. Mgr.
Staff Petrol. Eng.
Div. Oper. Eng.
Sr. Plnt Eng
Sr. Petro Eng Assoc.
Area Eng.
Sr. Mech Eng Assoc
Prin Stf Eng
Mgr Automation Eng.
Hd Eng #1
Sr. Project Eng.
Stf Eng.
Eng Group Leader
Actg Cred Mfg Adt Res & Sgt
Gen Mgr. Auditing
Sr. Auditor
Mgr. Oil Rev. & Purch.
Mgr. Fin. Controls E7M
Asst Controller Corp.
Mgr. Gas Rev & Plnt Actg.
Acctg. Coord M&M
Mgr. Property Taxes
Spec. Tax Consultant
Sr. Stf Actg. Anal.
Dir. Tax Actg. Anal.
Mgr. Banking
Asst. Trasurer Finan.
Mgr. Syst. Anal. Chem
Sys. Dev/ Major Proj Leader
Chief Economist
Stf Writer
Spec. Consultant
Asst Chief Physician
Land Negotiator
Dis. Landman
Gas Supp. Coord.
Area Supt. Slaughter
Stf Spec. Indus. Anal.

Tax Rep. Li.
Mgr. Credit & Receivables
Mgr. Ref Actg. Coord.
Mgr. Pricing & Allocation
Tax Rep #1
Reg. Accountant
Rec. Prop. Tax Mgr.
Acctg. Supv.
Sr. Stf Auditor
Mgr. Comm. Sales
Field Sales Mgr.
Mgr. Consumer Sales
Sr. Fie&M Sales Mgr Res/Jobr
Supv. Sales Authorization
Coord Crude & Mgl Plng
Traf Spec. #2
Coord Ref. Proc
Mgr. Mel Plng. & Coord/
Coord R&slt Mbmt
Consultant Emp. Rel.
Spec. #2 Ref S Ob Coord
Spec. #2 Rotating Equip.
Area Mgr. Sales
Bale Mgr. Yarns & Fibers
Gas Sales Coordinator
Manufacturing Coord
Proj. Consultant
Va Plng & Admin
Mftg. Supp. & Coord.
Stf Spec. Econ.
Coord Ret. Process
Chief Operator Amoco Tx Mtrp.
Div. Oper. Coord.
Sr. Stf Syst. Anal.
Sr. Economist
Dir. Insurance
Div. Investor
Mgr. Punch Coord.
Admin Anal.
Sr. Admin. Anal
Stf Landman
Ret Landman
Emp. Rel. Rep.

(This information was obtained from Amoco's 1978 disclosure reports filed with the FEC.)

4. THERE ARE NO RESTRICTIONS ON PERSON-TO-PERSON SOLICITATION OF SUBORDINATE EMPLOYEES BY IMMEDIATE SUPERVISORS: The program guidelines for Amoco PAC do not restrict solicitation of subordinate employees by immediate superiors.

AMOCO CONT'D.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS IN AMOUNTS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Amoco disclosure reports filed with the FEC.

Occupat'l. Category	No.	% tot. contributors	Amount of Contribution	% tot. amt.	Average Contribution
EXEC. LEVEL	43	7%	$22054.54	18%	$ 513
MID-LEVEL MGRS & PROFS.	506	87%	$98039.30	78%	$ 194
LOWER LEVEL	31	5%	$ 5120.70	4%	$ 165

6. ALTHOUGH MANY CONTRIBUTORS TO THE PAC ARE DEMOCRATS, THE VAST PREPONDERANCE OF CORPORATE PAC MONIES GOES TO REPUBLICAN CANDIDATES.

Breakdown of Amoco PAC's contributions to House and Senate races, 1978. (This information was obtained from 1978 FEC "D" Index.)

	No. Supported	% tot. cand.	Amt. of Contribution	% tot. contrib.
House				
Democrats	54	34%	$ 26100.00	29%
Republicans	105	66%	$ 64700.00	71%
Senate				
Democrats	9	27%	$ 9000.00	12%
Republicans	24	73%	$ 65500.00	88%
Total				
Democrats	63	33%	$ 35100.00	21%
Republicans	129	67%	$130200.00	79%

0 1 1 8 1 6 9 0

7. MOST OF THE EMPLOYEES DONATIONS ARE USED FOR CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 Amoco disclosure reports filed with the FEC and the FEC "D" Index.

4 state aggregate

71% of the itemized receipts were obtained from employees in IL, IN, LA and TX. 21% of PAC federal donations went to races in these states.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978

State	Amt. Rec'd.	% tot. amt.	Amt Contrib.	% tot. amt.
AL	$ 520.00	.4%	$ 13200.00	8%
AK	-	-	$ 1450.00	1%
AZ	-	-	$ 2500.00	1%
AR	-	-	$ 3500.00	2%
CA	-	-	$ 950.00	.6%
CO	$ 5463.35	4%	$ 3250.00	2%
CE	$ 227.14	.2%	$ 500.00	.3%
FL	$ 260.00	.2%	$ 3250.00	2%
GA	$ 3696.83	3%	$ 3500.00	2%
ID	-	-	$ 3000.00	2%
IL	$60730.94	49%	$ 15150.00	9%
IN	$ 6405.46	5%	$ 2250.00	1%
IA	$ 268.45	.2%	$ 4500.00	3%
KS	$ 2474.18	2%	$ 4250.00	3%
KY	-	-	$ 1500.00	1%
LA	$ 6876.98	5%	$ 6450.00	4%
ME	$ 130.00	.1%	$ 1500.00	.9%
MD	$ 3352.00	3%	$ 1250.00	.8%
MA	$ 140.00	.1%	$ 500.00	.3%
MI	$ 1206.36	1%	$ 8500.00	5%
MN	$ 1193.35	1%	$ 9500.00	6%
MS	-	-	$ 3750.00	2%
MO	$ 1035.58	.8%	$ 1000.00	.6%
MT	-	-	$ 5500.00	3%
NE	$ 255.09	.2%	$ 500.00	.3%
NV	-	-	$ 500.00	.3%
NJ	-	-	$ 3250.00	2%
NY	$ 229.53	.2%	$ 2000.00	1%
NC	$ 709.20	.6%	$ 3250.00	2%
ND	$ 308.75	.2%	$ 500.00	.3%
OH	-	-	$ 2500.00	1%
OK	$ 4341.54	3%	$ 1500.00	.9%
PA	$ 236.01	.2%	$ 2250.00	1%
SC	$ 210.52	.2%	$ 6500.00	4%
SD	-	-	$ 3950.00	2%
TN	$ 249.46	.2%	$ 3200.00	2%
TX	$15113.78	12%	$ 11500.00	7%
UT	$ 895.00	.7%	$ 1500.00	.9%
VA	$ 130.00	.1%	$ 6250.00	4%
WA	-	-	$ 1250.00	.8%
WV	-	-	$ 2200.00	1%
WI	$ 494.00	.4%	$ 2000.00	1%
WY	$ 910.00	.7%	$ 5000.00	3%
WASH.DC	$ 1247.74	1%	-	-
INT'L	$ 836.16	.7%	-	-
UNKNOWN	$ 5016.64	4%	-	-

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: The program guidelines of AMOCO PAC make no provision for employees to earmark their contributions.

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9. PARTICIPATION RAT[illegible]% of the corporate officer[illegible] Amoco, as disclosed in the Standard & Poor's Register (1978), participate in the PAC. Information is not available concerning the participation rates of mid-level managers and professionals.

10. AMOCO CONTROLS THE AMOUNT OF EMPLOYEES' "VOLUNTARY" DONATIONS: The Corporation orchestrates the amount of the contribution to the PAC, as evidenced by the raising of the payroll deduction by 25% for all employees participating in the month of March, 1978. (See 1978 Amoco disclosure reports filed with the FEC.)

UNION CAMP CORPORATION

1. UNION CAMP SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. UNION CAMP MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: Union Camp PAC By-Laws, (11/75), make no provision to protect the anonymity of contributors or non-contributors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: Mid-level managers and professionals constituted 82% of the total itemized contributors to the PAC in 1978 accounting for 73% of the itemized contributions to the PAC. (See 1978 Union Camp PAC disclosure reports filed with the FEC.)

Job titles falling within this occupational classification:

Dir. R & D Proj.
" Corp. Tech.
" Asst. Tech.
" Public Rel.
" Air & Stress
" Op. & Plng.
" Div. Prot.
" Lav. Prot.
" Plng. & Traffic
Mgr.
" District
" General
" Gen. Serv.
" Reg. Gen.
" Gen., Dom. Sales
" Plant
" Plant Gen.
" Plant Mftg.
" Supt., Plant
" Transportation
" Tech. Serv.
" Mftg.
" Asst.
" Special Proj.
" Marketing
" Land
" Mill
" Marketing Serv.
" Prod. Mftg.
" Purchasing Stores
" Eng. Plng. & Cts.
" Wdl. Tech. & Serv.
" Reg. Design
" Woodlands
" Products
" Ind. Rel.
" M Plng. Dev.
" Oper. Control.
" Purchasing & Traffic
" Mill Plng.

Mgr. Ind. Audit
" Wood Procurement
" Community Rel.
" Lumber Mill
" Corp. Sys. Serv.
" Operations
" Proj. Mgr.
Dir. Plant Tech.
" Eng.
Eng., Chief Ind.
" Plant
" Chief
Engineer
Mgr., Retail Sales
" Div. Sales
" Sales Admin.
" Sales
" Dist. Sales
" Reg. Sales
" Contbd. Sales
" Sales Sat.
" Adv. & Sales
" Gen. Sales
" Gen. Sales & Mktg.
Attorney
Asst. Treas. Dir. Tax
Acctg. Staff
Div. Comptroller
Acctg. Mgr.
Asst. Treasurer
Asst. Comptroller
Asst. to Treasurer
Div. Mgr. Acctg. Serv.
Nat'l. acctg. Mgr.
Nat'l. Acctg. Exec.
Supt.
Asst. Supt.
Asst. Paper Mill Supt.
Pulp Mill Supt.
Gen. Supt.

Gen. Op. Supt.
Lumber Supt.
Maintenance Supt.
Supt. Paper Mch.
Power & Recov. Supt.
Mill Supt.
Woodyard Supt.
Asst. Paper Mill Supt.
Paper Mill Supt.
Corp. Land Agent
Asst to VP and Gen Mgr.
Section Leader
Ind. Hygienist
Forester
Mktg. Specialist
Asst. to Gen Mgr
Asst. to VP
Plant Supt.

UNION CAMP CORPORATION CONT'D.

4. SOLICITATION OF SUBORDINATES BY IMMEDIATE SUPERVISORS: Union Camp Pac By-Laws (11/75) do not restrict solicitation of subordinates by supervisors or other higher-ups.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Union Camp disclosure reports filed with the FEC:

Occupat'l. Category	No.	% total contributors	Amount of Contribution	% total amount	Average Contribut
Exec. level	35	14%	$ 9822.48	23%	$ 281
Mid-level mgrs. & profs.	201	82%	$30662.39	73%	$ 153
Lower level	4	2%	$ 553.00	1%	$ 138
Unclassified	6	2%	$ 965.15	2%	$ 161

6. A SUBSTANTIAL NUMBER OF DONATING EMPLOYEES ARE DEMOCRATS BUT THE VAST PREPONDERANCE OF PAC MONIES IS GIVEN TO REPUBLICAN CANDIDATES.

Breakdown of Union Camp's contributions to federal candidates by House and Senate: (Information taken from FEC "B" Index)

House	No. Supported	% tot. cand.	Amount of Contribution	% tot.
Democrats	57	37%	$ 25650.00	35%
Republicans	96	63%	$ 46750.00	64%
Senate				
Democrats	6	19%	$ 5400.00	14%
Republicans	25	81%	$ 31750.00	86%
Total				
Democrats	63	34%	$ 31050.00	28%
Republicans	121	66%	$ 78500.00	72%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from the 1978 Union Camp disclosure reports filed with the FEC and the FEC "D" Index.

4 state aggregate:
79% of the itemized receipts were obtained from employees in AL, GA, NJ and VA. 37% of PAC federal donations went to races in these states.

State	Amount Rec'd.	% tot. amt.	Amount Contributed	% tot. amt.
AL	$ 4638.10	11%	$ 12950.00	12%
AK	-	-	$ 1000.00	.9%
AZ	-	-	$ 700.00	.6%
AR	-	-	$ 1300.00	1%
CA	-	-	$ 500.00	.4%
CO	-	-	$ 2800.00	3%
DE	-	-	$ 500.00	.4%
FL	$ 1440.93	3%	$ 3750.00	3%
GA	$ 10396.92	25%	$ 10550.00	10%
ID	-	-	$ 750.00	.7%
IL	$ 1067.93	3%	$ 5100.00	5%
IN	-	-	$ 1200.00	1%
IA	-	-	$ 750.00	.7%
KS	-	-	$ 1750.00	2%
KY	-	-	$ 250.00	.2%
LA	$ 165.00	.4%	$ 1350.00	1%
ME	$ 1411.23	3%	$ 2500.00	2%
MA	-	-	$ 2200.00	2%
MD	-	-	$ 300.00	.3%
MI	$ 1015.36	2%	$ 6300.00	6%
MO	-	-	$ 1400.00	1%
MN	-	-	$ 3500.00	3%
MS	-	-	$ 2450.00	2%
MT	-	-	$ 1000.00	.9%
NE	-	-	$ 500.00	.4%
NH	$ 117.00	.3%	-	-
NJ	$ 11692.91	28%	$ 8500.00	8%
NM	-	-	$ 500.00	.4%
NY	$ 420.00	1%	$ 2150.00	2%
NC	$ 500.04	1%	$ 3900.00	4%
OH	$ 1893.99	5%	$ 3550.00	3%
OK	-	-	$ 350.00	.3%
OR	-	-	$ 500.00	.4%
PA	$ 429.24	1%	$ 3050.00	3%
SD	-	-	$ 700.00	.6%
SC	-	-	$ 3950.00	4%
TN	$ 240.00	.6%	$ 2600.00	2%
TX	-	-	$ 3500.00	4%
UT	-	-	$ 250.00	.2%
VA	$ 6456.77	15%	$ 7600.00	7%
WA	-	-	$ 450.00	.4%
WV	-	-	$ 1100.00	1%
WI	-	-	$ 1250.00	1%
WY	-	-	$ 500.00	.4%

UNION CAMP CONT'D.

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: Union Camp PAC By-Laws make no provision in the administration of the PAC for participating employees to earmark their contributions.

9. PARTICIPATION RATES: Information is not available concerning participation rates of mid-level managerial and professional employees. Of the 35 publicly disclosed corporate officers and vice-presidents listed in the 1978 Standard & Poor's Register, 71% participate in the PAC. 2 specific job titles, general manager and manager of manufacturing, constituted approximately 20% of the contributors in the mid-level managerial and professional occupations.

10. UNION CAMP CONTROLS THE AMOUNT OF EMPLOYEES' "VOLUNTARY" DONATIONS: All contributors using the payroll deduction plan during July, 1978, had their monthly PAC deduction doubled during that month. (See July, 1978, Union Camp disclosure reports filed with the FEC.)

2 1 3 1 6 9 6

UNION OIL

1. UNION OIL SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/78 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. UNION OIL MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: There is no indication that Union Oil makes any provision in the administration of its PAC for protecting the anonymity of contributors or non-contributors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: 84% of the total itemized contributors to the PAC hold mid-level managerial or professional positions; their contributions account for 64% of the total itemized PAC receipts. (This information was obtained from 1978 Union Oil disclosure reports filed with the FEC.)

Job titles falling within this occupational classification:

Dir. EEG
" Res. Assoc.
" CES
" Emp/Community
" Env. Sci.
Mgr. Dist.
Gen. Mgr. NATL
Mgr. Gen. TK
" Gen. Mktg.
" Gen. Retail
" Div.
Sr. Gen. Mgr.
Plant Manager
Mgr. RFY Plng/Bldg.
" OS Lands
" Lands DS
" Oper. Div.
" AIRLN/BLS
" Pub Rel
" EEO SV
" ADMV Tech
" Personnel Serv
" Civic Affairs
" Exploration
" Refinery
" Community Serv.
" Eglty.
" Corp Plng/ Eval.
" Labor Rel.
" Research
" MFLND
" Prop. Serv.
Asst. Fd Manager
Mgr. LH/LL
" Projects
" Building
" OC SPLY
" Marketing
" Spel. Proj

Mgr. Refinery Coord.
Mgr. Special Interests
" Development
" Personnel
Asst. Gen Counsel
Assoc. Counsel
Assoc. Tax Counsel
Counsel
Gen Auditor
Corporate Comptroller
Div. Comptroller
Mgr. Accounting
" Corporate Accounts
" Nat'l. Accounts
Admin. Acctg. Gas
Mgr. Fin. PBLON
Purchasing Agent
Sr. Engineer
Supervising Eng.
Eng. PHT/AR
Assoc. Eng.
Eng. Refinery Chief
Supv. Eng. RESV
Supv. Dev. Eng.
Mgr. Engineering
Mgr. Proj. Eng.
Eng. Supv. Prod.
Supv. Sales
Mgr. Sales Div.
Sr. Geophysicist
Geophysicist
Assoc. Researcher
Geologist
Supv. Work Coord.
Group Supv.
Supv. PRDTEVAL
" Finance Plng
" Util/CNSV
Product Supv.
Assoc. Researcher, Sr.

UNION OIL CONT'D.

Supt. R/C
Supt. SEOY/CRDT
Supt. Marketing
Supt Product
Supv. Raw Main enace
Supv. Fuel Research
IDR Med.
Asst. Purchasing

Supt. GEOLHL
Supt. EDCT/PROD
Supt. Heavy Oil
Supt. P/L Field
Supt. VLK Oper
Supv. Prod. AR
Consultant
Geologist, Exploration

4. INFORMATION IS NOT AVAILABLE CONCERNING RESTRICTIONS ON SOLICITATION OF SUBORDINATE EMPLOYEES BY IMMEDIATE SUPERVISORS.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS IN AMOUNTS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Union Oil disclosure reports filed with the FEC.

Occupat'l. Category	No.	% tot. contributors	Amount of Contribution	% tot. amt.	Average Contribution
Exec. level	35	16%	$ 17213.00	34%	$ 492
Mid-level mgrs. & profs.	177	82%	$ 32719.21	64%	$ 185
Lower level	1	.5%	$ 170.00	.3%	$ 170
Unclassified	2	1%	$ 630.00	1%	$ 315

6. A SUBSTANTIAL NUMBER OF DONATING EMPLOYEES ARE DEMOCRATS BUT THE VAST PREPONDERANCE OF CORPORATE PAC MONIES GOES TO REPUBLICAN CANDIDATES.

Breakdown of Union Oil's contributions to federal candidates by House and Senate. (Information taken from FEC "D" Index.)

House	No. Supported	% tot. cand.	Amount of Contrib.	% tot. contrib.
Democrats	19	14%	$ 6300.00	10%
Republicans	118	86%	$56180.00	90%
Senate				
Democrats	8	25%	$ 6500.00	20%
Republicans	24	75%	$25800.00	80%
Total				
Democrats	27	16%	$12800.00	14%
Republicans	142	84%	$81980.00	86%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR CAMPAIGNS IN OTHER STATES:
This information was compiled from 1978 Union Oil disclosure reports filed with the FEC and from FEC "D" Index.

4 state aggregate
92% of the itemized contributions were obtained from employees in CA, IL, TX and LA.
30% of PAC federal donations went to races in these states.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
AL	$ 320.00	.6%	$ 3000.00	3%
AK	-	-	$ 2200.00	2%
AZ	-	-	$ 2100.00	2%
AR	-	-	$ 1000.00	1%
CA	$35167.31	69%	$11930.00	13%
CO	$ 198.00	.4%	$ 1900.00	2%
CT	-	-	$ 500.00	.5%
DE	-	-	$ 200.00	.2%
FL	-	-	$ 1450.00	2%
GA	-	-	$ 1500.00	2%
ID	-	-	$ 1850.00	2%
IL	$ 6679.00	13%	$ 5700.00	6%
IN	-	-	$ 2250.00	2%
IA	-	-	$ 1500.00	2%
KS	-	-	$ 2000.00	2%
KY	-	-	$ 700.00	.7%
LA	$ 1085.00	2%	$ 2400.00	3%
ME	-	-	$ 1500.00	2%
MA	-	-	$ 500.00	.5%
MI	$ 200.00	.4%	$ 5400.00	6%
MN	$ 140.00	.3%	$ 3750.00	4%
MS	-	-	$ 2100.00	2%
MT	-	-	$ 2500.00	3%
NE	-	-	$ 500.00	.5%
NV	-	-	$ 200.00	.2%
NH	-	-	$ 1000.00	1%
NJ	-	-	$ 2300.00	2%
NM	-	-	$ 800.00	.8%
NY	-	-	$ 1550.00	2%
NC	$ 150.00	.3%	$ 2400.00	2%
OH	$ 280.00	.5%	$ 1700.00	2%
OK	$ 420.00	.8%	$ 500.00	.5%
OR	-	-	$ 1500.00	2%
PA	-	-	$ 1500.00	2%
SC	-	-	$ 2350.00	2%
SD	-	-	$ 1700.00	2%
TN	-	-	$ 2200.00	2%
TX	$ 4156.00	8%	$ 7350.00	8%
UT	-	-	$ 450.00	.5%
VA	$ 165.00	.3%	$ 1850.00	2%
WA	$ 285.00	.6%	$ 2350.00	2%
WV	-	-	$ 1400.00	1%
WI	-	-	$ 1000.00	1%
WY	$ 465.00	.9%	$ 1750.00	2%
WASH.DC	$ 520.00	1%	-	-
INT'L.	$ 500.00	1%	-	-

UNION OIL CONT'D.

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: Union Oil makes no provision in the administration of its PAC for employees to earmark their contributions.

9. PARTICIPATION RATE: Employee participation rate is not possible to determine from the public record.

10. UNION OIL CONTROLS THE AMOUNT OF EMPLOYEES' "VOLUNTARY" DONATIONS: 75% of the PAC's itemized contributors holding mid-level managerial or professional positions gave in amounts within the range of $150-300. 10% of the contributors in this category contributed in amounts below this range and 6% of the it itemized contributors gave in amounts exceeding this range. (This information was obtained from 1978 Union Oil disclosure reports filed with the FEC.)

UNITED TECHNOLOGIES CORPORATION

1. UNITED TECHNOLOGIES SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. UNITED TECHNOLOGIES MAKES NO PROVISION FOR PROTECTING THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: UT makes no provision in the administration of its PAC to protect the anonymity of contributors or non-contributors. See United Technologies, Political Action Committe, "Facts About the Committee".

3. THE PRIMARY SOURCE OF FUNDS IS EXECUTIVE-LEVEL PERSONNEL: Although executive-level personnel contribute the bulk ([illegible]) of political money to the PAC, mid-level managerial and professional employees constitute the majority (61%) of the total itemized contributors. (This information was obtained from 1978 United Technologies disclosure reports filed with the FEC.)

4. THERE IS NO KNOWN RESTRICTION ON DIRECT SOLICITATION OF SUBORDINATE EMPLOYEES BY IMMEDIATE SUPERVISORS OR OTHER SUPERIORS: UT PAC's "Facts About the Committee", expresses no prohibition on supervisors' directly soliciting subordinate employees.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS IN AMOUNTS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was compiled from 1978 United Technologies" disclosure reports filed with the FEC.

Occupat'l Category	No.	% total contributors	Amount of Contribution	% total amount	Average Contribution
Exec. level	57	37%	$ 35[illegible]	56%	$ 625
Mid-level mgrs. & profs.	95	61%	$ 22[illegible]	3[illegible]	$ 241
Lower level	1	.6%	$ 20[illegible]	.[illegible]	$ 200
Unclassified	2	1%	$ 51[illegible]	[illegible]	$2587

6. ALTHOUGH MANY CONTRIBUTORS ARE REGISTERED DEMOCRATS THE VAST PREPONDERANCE OF CORPORATE PAC MONIES GOES TO REPUBLICAN CANDIDATES.

Breakdown of United Technologies federal contributions by House and Senate: (Information taken from 1978 FEC "D" Index)

House	No. Supported	% tot. cand.	Amount Contribution	% tot. contrib
Democrats	55	35%	$ 18600.00	29%
Republicans	102	65%	$ 44475.00	71%
Senate				
Democrats	5	17%		
Republicans	24	83%	$ 3500.00	10%
			$ 32400.00	90%
Total				
Democrats	60	32%	$ 22100.00	22%
Republicans	126	68%	$ 76875.00	78%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 United Technologies disclosure reports filed with the FEC and the FEC "D" Index.

1 state aggregate
58% of the itemized receipts were obtained from employees in CT.
5% of PAC federal donations went to races in this state.

4 state aggregate
89% of the itemized receipts were obtained from employees in CA, CT, IN and Wash., 13% of PAC federal donations went to races in these states.(excludes DC)

UNITED TECHNOLOGIES CONT'D.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
AL	$ 200.00	.3%	$ 4000.00	4%
AK	-	-	$ 1100.00	1%
AZ	-	-	$ 1400.00	1%
AR	-	-	$ 300.00	.3%
CA	$ 2350.00	4%	$ 4800.00	5%
CO	-	-	$ 3500.00	3%
CT	$36795.00	58%	$ 5300.00	5%
DE	-	-	$ 700.00	.7%
FL	$ 1800.00	3%	$ 3850.00	4%
GA	-	-	$ 200.00	.2%
ID	-	-	$ 200.00	.2%
IL	-	-	$ 2800.00	3%
IN	$12150.00	19%	$ 2700.00	3%
IA	-	-	$ 750.00	.8%
KS	-	-	$ 1450.00	1%
KY	-	-	$ 1500.00	2%
LA	-	-	$ 2825.00	3%
ME	-	-	$ 750.00	.8%
MD	-	-	$ 700.00	.7%
MA	-	-	$ 2500.00	3%
MI	$ 1250.00	2%	$ 9500.00	10%
MN	-	-	$ 5300.00	5%
MS	-	-	$ 3000.00	3%
MO	$ 300.00	.5%	$ 1700.00	2%
NE	-	-	$ 200.00	.2%
NH	-	-	$ 1750.00	2%
NJ	-	-	$ 2750.00	3%
NM	-	-	$ 400.00	.4%
NY	$ 1970.00	3%	$ 4100.00	4%
NC	-	-	$ 1700.00	2%
OH	$ 325.00	.5%	$ 2750.00	3%
PA	-	-	$ 3500.00	4%
SC	-	-	$ 5200.00	5%
SD	-	-	$ 1600.00	2%
TN	-	-	$ 2750.00	3%
TX	-	-	$ 4800.00	5%
UT	-	-	$ 400.00	.4%
VA	-	-	$ 2750.00	3%
WA	-	-	$ 1550.00	2%
WV	-	-	$ 2100.00	2%
WI	-	-	$ 600.00	.6%
WY	-	-	$ 100.00	.1%
WASH.DC	$ 5200.00	8%	-	-
INT'L.	$ 1350.00	2%	-	-
UNKNOWN	$ 175.00	.3%	-	-

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: United Technologies INC, "Facts About the Committee", states that "funds collected by the Committee will be contributed to recipients selected by the Steering Committee in the [illegible] discretion."

UNITED TECHNOLOGIES CONT'D.

9. PARTICIPATION RATES: In response to Tykes' Research Associates' survey, April, 1979, United Technologies PAC stated that 24% of its solicited home office employees responded with contributions to the PAC. All subsidiaries are solicited with a 16% response rate. Similarly, all plant locations are solicited yielding a response rate of 9%. Total participation by eligible employees is approximately 11%. 95% of 95% of the corporate officers and vice-presidents disclosed in the 1978 Standard & Poor's Register participate in the PAC. The average contribution for these individuals is $1071.

10. UNITED TECHNOLOGIES CONTROLS THE AMOUNT OF EMPLOYEES' DONATIONS: 87% of the PAC's itemized contributors holding mid-level managerial and professional positions contributed in amounts within the range of $150-300. 13% of the itemized contributors in this occupational classification contributed in amounts above this range. This information was obtained from 1978 United Technologies disclosure reports filed with the FEC.

WINN-DIXIE STORES, INC.

1. WINN-DIXIE SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate with MAC Associates, Washington, D.C.

2. WINN-DIXIE MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: There is no indication that Winn-Dixie makes any provision in the administration of its PAC to protect the anonymity of contributors or non-contributors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: Winn-Dixie concentrates its fund-raising efforts on upper-level managerial employees; these employees comprise 56% of the itemized contributors to the PAC. Job titles falling within this occupational classification:

Dir. Store Planning	Supt.
" Emp. Rel.	" Retail Oper.
" Dairy Mnftg.	" Data Processing
" Produce Oper.	Meat Merchandiser
" Data Processing	Gen. Merchandiser
" Warehouse Plng.	Tax Mgr.
" Safety, Security & Ins.	Tax Officer
" Meat Merch.	Div. Comptroller
" Personnel	Attorney
" Grocery Merch.	Corporate Sanitarian
" Data Processing, Asst.	Transportation
" Mktg. Plants	Frozen Food Buyer
" Bakery	Manufacturing
" Warehousing	Mg Work Methods
" Advertising	Mnfg. Oper.
" Work Methods	Security Officer
" Non-Food	Purchasing
" Internal Auditors	Security & Safety
Division Mgr.	Store Supervisor
District Mgr.	Plant Mgr.
Accountant	

(This information was taken from 1978 Winn-Dixie PAC reports filed with the FEC)

4. INFORMATION IS NOT AVAILABLE CONCERNING RESTRICTIONS ON SOLICITATIONS OF SUBORDINATE EMPLOYEES BY SUPERVISORS OR OTHER HIGHER-U.S.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Winn-Dixie disclosure reports filed with the FEC.

Occupat'l. Category	No.	% tot. contributors	Amount of Contribution	% tot. amt.	Average Contribution
Exec. level	34	33%	$85737.50	68%	$2522
Mid-level mgrs. & profs.	60	56%	$20282.00	16%	$ 338
Lower level	4	4%	$ 1050.00	1%	$ 262
Unclassified	9	7%	$19900.00	16%	$2211

WINN-DIXIE STORES, INC. CONT'D.

6. THOUGH MANY EMPLOYEES ARE REPUBLICANS, WINN-DIXIE CONTRIBUTES THE MAJORITY OF ITS EMPLOYEES' PAC DONATIONS TO DEMOCRATIC CANDIDATES.

Breakdown of Winn-Dixie's contributions to federal candidates by House and Senate: (Information taken from FEC "D" Index)

House	No. Supported	% tot. cand.	Amount of Contribution	% tot. co
Democrats	37	66%	$ 34350.00	70%
Republicans	19	34%	$ 15000.00	30%
Senate				
Democrats	19	59%	$ 41842.00	66%
Republicans	13	41%	$ 21250.00	34%
Total				
Democrats	56	64%	$ 76692.00	68%
Republicans	32	36%	$ 36250.00	32%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 Winn-Dixie disclosure reports filed with the FEC and the FEC "D" Index.

1 state aggregate
79% of the itemized recipts were obtained from employees in FL.
9% of PAC federal donations went to races in this state.

4 state aggregate
96% of the itemized receipts were obtained from employees in AL, FL, LA and NC
23% of PAC federal donations went to races in these states.

WINN-DIXIE STORES, INC. CONT'D.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
AL	$ 12400.00	10%	$ 8000.00	7%
AR	-	-	$ 3000.00	3%
AK	-	-	$ 1000.00	.8%
CA	-	-	$ 2500.00	2%
CO	-	-	$ 2000.00	2%
CT	-	-	$ 1000.00	.8%
DE	-	-	$ 2000.00	2%
FL	$100619.50	79%	$10600.00	9%
GA	$ 1000.00	.8%	$ 3500.00	3%
ID	-	-	$ 2000.00	2%
IL	-	-	$ 3500.00	3%
KS	-	-	$ 2000.00	2%
KY	$ 400.00	.3%	$ 5500.00	5%
LA	$ 3300.00	3%	$ 3000.00	3%
ME	-	-	$ 4000.00	4%
MI	-	-	$ 1000.00	.8%
MN	-	-	$ 6000.00	5%
MS	-	-	$ 8342.00	7%
MO	-	-	$ 1000.00	.8%
MT	-	-	$ 2000.00	2%
NV	-	-	$ 1000.00	.8%
NJ	-	-	$ 3000.00	3%
NY	-	-	$ 1000.00	.8%
NC	$ 4550.00	4%	$ 4000.00	4%
OH	-	-	$ 1000.00	.8%
OK	-	-	$ 1000.00	.8%
OR	-	-	$ 1000.00	.8%
PA	-	-	$ 1000.00	.8%
SC	$ 1750.00	1%	$ 6250.00	6%
TN	-	-	$ 5750.00	5%
TX	$ 1550.00	1%	$ 6000.00	5%
VA	-	-	$ 2500.00	2%
WA	-	-	$ 1000.00	.8%
WV	-	-	$ 2000.00	2%
WI	-	-	$ 500.00	.4%
WY	-	-	$ 4000.00	4%
STATE UNKNOWN	$ 1400.00	1%	-	-

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: Winn-Dixie does not permit participating employees of the PAC to earmark their contributions.

WINN-DIXIE STORES, INC. CONT'D.

9. PARTICIPATION RATES: Information is not available concerning participation rates of mid-level managerial and professional employees. However, 80% of the corporate officers disclosed in Standard & Poor's Register, 1978, participate in the PAC. The average contribution for these publicly disclosed executives is $2657.

10. WINN-DIXIE CONTROLS THE AMOUNTS OF EMPLOYEES' "VOLUNTARY" DONATIONS: 60% of the PAC's itemized contributors holding mid-level managerial and professional positions contributed in amounts within the range of $150-300. 5% of the itemized contributors in this category contributed in amounts below the range and 35% contributed in amounts above the range. (This information was obtained from 1978 Winn-Dixie disclosure reports filed with the FEC.)

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MUR 1040
Federal Mail

THE FEDERAL ELECTION COMMISSION

WASHINGTON, D.C.

MEMORANDUM OF LAW

This Memorandum of Law is being submitted by Dart Industries Inc., Eaton Corporation, General Electric Company, International Paper Company, United Technologies and Winn-Dixie Stores in connection with the "Complaint Against Operations of Corporate Political Action Committees" filed with the Commission on October 9, 1979, by the International Association of Machinists, William Winpisinger, Anne S. Morrison, Alan B. Morrison, Eugene Glover, Judy Reardon, and Rebecca Ward.

Of Counsel: STEPTOE & JOHNSON
1250 Connecticut Avenue, N.W.
Washington, D.C. 20036

November 9, 1979

GCCH

11586

STEPTOE & JOHNSON

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1250 CONNECTICUT AVENUE
WASHINGTON, D. C. 20036
(202) 862-2000

1:46

November 9, 1979

914917

The Federal Election Comission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Commissioners:

The enclosed Memorandum of Law is being submitted on behalf of Dart Industries Inc., Eaton Corporation, General Electric Company, International Paper Company, United Technologies, and Winn-Dixie Stores to urge the Commission to dismiss the complaint filed on October 9, 1979, by the International Association of Machinists, William Winpisinger, Anne S. Morrison, Alan B. Morrison, Eugene Glover, Judy Reardon and Rebecca Ward. Each of these respondents specifically reserves its right under 2 U.S.C. § 437g(a)(4) to demonstrate that the Commission should take no action on the complaint.

Respectfully submitted,

STEPTOE & JOHNSON

Roger E. Warin

Roger E. Warin

cc: Acting General Counsel - Federal Election Commission
John Silard

9 NOV 9 P2:40

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INTRODUCTION

This Memorandum of Law, submitted on behalf of Dart ::tries Inc., Eaton Corporation, General Electric Company, :national Paper Company, United Technologies and Winn-Dixie :s is filed in response to the complaint filed with the :sion on October 9, 1979, by the International Association :hinists, William Winpisinger, Anne S. Morrison, Alan B. :on, Eugene Glover, Judy Reardon, and Rebecca Ward (referred :llectively hereafter as "complainants").[1/] The complainants :t that "Federal Election Law and Federal Constitutional :ntees are being violated by the operations of corporate :ical Action Committees." The complaint makes clear that :amed corporate respondents were selected solely because :have the "largest (in terms of contributions) Corporate :tical Action Committees" and not because of any particular :nct of these respondents.

Even the most cursory review of the complaint demon- :tes that it is invalid on its face, does not raise issues :r allege facts which warrant investigation by the Commission :nd should be dismissed immediately. Section 437g of the Fed- :eral Election Campaign Act ("the Act" or the "Federal Election Act") gives the Commission the power to receive and review com- plaints by "[a]ny person who believes a violation of [the] Act"

1/ Although Anne D. Morrison, Eugene Glover and Rebecca Ward are listed as complainants, because of their failure to comply with the verification requirements of 2 U.S.C. § 437g(a)(1), their names should be stricken from the complaint.

[illegible] urred. While the complaint purports to be an enforcement [illegible] eeking redress of specific violations of the Act, it [illegible] ict a challenge to the Act itself which cannot be dis- [illegible] imply by mislabeling it.

The complaint is a transparent attempt by opponents [illegible] rate policital action committees ("PACs") to seek to [illegible] Commission repeal portions of the statute it is empow- [illegible] required to enforce. It does not in fact allege vio- [illegible] of the Act and Commission Regulations as written, but [illegible] onjures up violations of the Act as the complainants [illegible] had been written. If accepted, the arguments and alle- [illegible] of complainants would not only revoke the unambiguous [illegible] y rights of all American corporations, but would also [illegible] or severely restrict the First Amendment rights of free [illegible] and freedom of association of millions of Americans.

Complainants are asking the Commission to exceed its [illegible] utional and statutory authority to do now what Congress [illegible] to do at the time it passed the Federal Election Act. [illegible] ommission should unequivocally reject this blatant attempt [illegible] and manipulate it for political purposes.[2/]

[illegible] Complainants' political purposes are evidenced by their [illegible] ing of the complaint to the press when it was filed, in [illegible] parent violation of the confidentiality provisions of 2 U.S.C. § 437g (a)(3)(B). Such conduct is itself a violation of Con- [illegible] ss' intent that the § 437g mechanism not be used as a politi- [illegible] al forum for the public airing of grievances which may in fact [illegible] groundless, and subverts the integrity of the enforcement [illegible] anism carefully designed by Congress.

The complaint is totally deficient, for it fails to that the named corporate PAC respondents have violated cific statutory prohibition or requirement set forth by s in the Act.[3/] There are no allegations of the use or of "physical force", "job discrimination" or "financial ls." There are no allegations that persons soliciting e PAC contributions have failed to inform employees political purpose of the solicitation or that employees e right to refuse to contribute without any reprisal. than allege any specific violation of the statute as d by 2 U.S.C. § 437g, the complaint makes the general ion that all employee contributions to all corporate

---

These requirements are found in 2 U.S.C. § 441b(b)(3), which es:

> (3) It shall be unlawful --
>
> (A) for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a contition of membership in a labor organization or as a condition of employment, or by monies obtained in any commercial transaction.
>
> (B) for any person soliciting an employee for a contribution to such a fund to fail to inform such employee of the political purposes of such fund at the time of such solicitation; and
>
> (C) for any person soliciting an employee for a contribution to such a fund to fail to inform such employee, at the time of such solicitation, of his right to refuse to so contribute without any reprisal.

inherently lack voluntariness because of "subtle and psy-
ical compulsion." It argues that ". . . there is no pos-
ity that corporations could meet their heavy burden to
that it is the employee's free will rather than his de-
t position which induces the response to corporate PAC
ations."[4/] Such general allegations are an abuse
enforcement mechanism of Section 437g and are totally
cient to warrant investigation by the Commission.

THE COMMISSION LACKS JURISDICTION TO CONSIDER CONSTITUTIONAL CHALLENGES TO THE FEDERAL ELECTION ACT

Stripped of its rhetorical trappings, the complaint
nce asks the Commission for a declaration that the
ns of the Federal Election Act allowing corporations
blish PACs and solicit contributions from "executive
ministrative personnel" (hereinafter referred to as
ment employees") are unconstitutional.

Sections I and II of the complaint misleadingly sug-
that complainants are simply seeking to have the Act
onstrued to meet Constitutional requirements" when in fact,
der the guise of complaining of alleged violations of the

4/ It is interesting that complainants alleging inherent violations of law believe that the respondents "have the burden" of disproving the alleged illegal conduct.

[illegible] they seek to have the Commission administratively repeal [illegible] unambiguous statutory language and its own Congressionally [illegible] regulations both of which clearly contemplate and per- [illegible] challenged corporate activities.

Section III of the complaint asks the Commission to [illegible] administratively the unambiguous statutory prohibition [illegible] contributions to federal elections because it "discrimi- [illegible] violates the Constitution."

Section IV of the Complaint similarly asks the Commis- [illegible] repeal administratively the unambiguous statutory provi- [illegible] which allow corporations to pay the administrative [illegible] of PAC activities from company assets because this [illegible] "violates the constitutional rights of stockholders."

It is a fundamental principle of administrative law [illegible] administrative agency such as the Commission has no [illegible] to consider such constitutional challenges to [illegible] it administers. "[A]djudication of the constitu- [illegible] of congressional enactments has generally been thought [illegible] the jurisdiction of administrative agencies" in the [illegible] of express statutory provision. Oestereich v. Selective [illegible] Board, 393 U.S. 233, 242 (1968) (Harlan, J., concurring [illegible] result). Accord, Weinberger v. Salfi, 422 U.S. 749, 764-65 [illegible]; Johnson v. Robison, 415 U.S. 361, 368 (1973); Panitz v. [illegible] of Columbia, 112 F.2d 39, 41-42 (D.C. Cir. 1940); [illegible] and Equipment Manufacturers Assoc. v. EPA, Nos. 78-1896,

[illegible] D.C. Cir., Aug. 3, 1979), Slip Op. at 36-7. See [illegible] Utilities Commission v. United States, 355 U.S. [illegible] (1958); Engineers Public Service Co. v. SEC, 138 [illegible] 952-53 (1943), dismissed as moot, 332 U.S. 788. [illegible] enneth Culp Davis, the leading authority on admin- [illegible] aw, has explained the reason for the rule as [illegible]

> A fundamental distinction must be recognized between constitutional applicability of legislation to particular facts and constitutionality of the legislation. When a tribunal passes upon constitutional applicability, it is carrying out the legislative intent, either express or implied or presumed. When a tribunal passes upon constitutionality of the legislation, the question is whether it shall take action which runs counter to the legislative intent. We commit to administrative agencies the power to determine constitutional applicability, but we do not commit to administrative agencies the power to determine constitutionality of legislation. Only the courts have authority to take action which runs counter to the expressed will of the legislative body.

[illegible] 2 Administrative Law Treatise § 20.04 at p. 74. Thus, [illegible] Commission to consider this complaint would undermine [illegible] orderly, efficient functioning of the processes of govern- [illegible] which requires the courts to determine the constitutional- [illegible] of legislative enactments--a task which "represents the [illegible] exercise of judicial power, and one that even the [illegible] is reluctant to exercise." Panitz v. District of [illegible], supra at 41-42.

---

[2] U.S.C. § 437g.

Indeed, the Federal Election Act itself is conclusive [illegible] score. While the Commission has broad primary jurisdic- [illegible] ver civil enforcement proceedings pertaining to violations [illegible] Act,[5/] Section 437h specifically relegates precisely this [illegible] constitutional challenge to the federal courts:

> . . . The Commission, the national committee of any political party, or any individual eligible to vote in any election for the office of President of the United States may institute such actions in the appropriate district court of the United States, including actions for declaratory judgment, as may be appropriate to construe the constitutionality of any provision of this Act. The district court immediately shall certify all questions of constitutionality of this Act to the United States courts of appeals for the circuit involved, which shall hear the matter sitting en banc.

[illegible] § 437h(a). (Emphasis added). As explained in the [illegible] tional debate,

> Under [Section 437h] persons challenging the constitutionality of any provision of the act, retain their right to do so in court without exhausting administrative remedies to the extent the courts have jurisdiction under established principles. The delicately balanced scheme of procedures and remedies set out in the act is intended to be the exclusive means for vindicating the rights and declaring the duties stated therein.

[illegible] Cong. Rec. H.10330 (1974) (Remarks of Rep. Hays). Accord- [illegible], the Commission should dismiss the complaint because [illegible] complete failure to allege violations of the Federal [illegible] ion Act.

:E CORPORATE PAC CONDUCT WHICH THE COMPLAINT LLEGES IS INHERENTLY COERCIVE IS IN FACT LEARLY PERMISSIBLE UNDER THE FEDERAL ELECTION ACT

he conduct which the complaint (Section I and II) lates the "voluntariness" requirement of the Fed- n Act is conduct which is clearly permissible under the Commission Regulations, and has been approved Commission Advisory Opinions.

he complaint challenges four aspects of corporate tions alleging that these practices are "pregnant n." Complaint, p. 15. As stated in the complaint:

1. All corporations are asking for political donations from totally unprotected employees.

2. There is no provision to protect the anonymity of those who refuse to contribute or the amounts of contributions.

3. It is the vulnerable midlevel career managers and professionals who are the primary target and source of the corporate PAC donations.

4. The corporations provide no arms length protection against compulsion because they even permit solicitation in person by employees who supervise the solicited employee."

plaint, p. 15.

Despite the complaint's inflamatory and misleading the challenged conduct is clearly lawful and permitted Act, and the Commission's Regulations and Advisory ions.

THE FEDERAL ELECTION ACT LEAVES NO DOUBT THAT CORPORATIONS MAY SOLICIT PAC CONTRIBUTIONS FROM SO-CALLED "UNPROTECTED" EMPLOYEES

The complaint criticizes the fact that corporations so-called "unprotected employees" and suggests that licitation violates the Act. Apparently the term cted employees" is a catch phrase for nonunion employ- e complaint chooses to ignore the fact that the Act ously allows a corporate PAC "to solicit contributions fund from its executive and administrative personnel families." The Act defines "executive and adminis- personnel" as "individuals employed by a corporation aid on a salary rather than hourly basis and who have aking, managerial, professional, or supervisory respon- ies." 2 U.S.C. § 441b(b)(7). Congress was, therefore, ware at the time it enacted the 1976 Amendments that and those amendments allowed corporate PACs to solicit tions from so-called "unprotected employees." See . Rep. No. 94-677, 94th Cong., 2d Sess. 10 (1976); Rec. S. 3698, 4151, 4154-55 (1976); H.R. Rep. -917, 94th Cong., 2d Sess. 70-72 (1976); H.R. Conf. Rep. -1057, 94th Cong., 2d Sess. 59-64 (1976). The Commis- regulations mirror the Act and provide additional guidance which employees fall within the category of "executive administrative personnel". FEC Regs. § 114.1(c). These tions state that the definition of "executive and

ative personnel" does not include "professionals who
sented by a labor organization". The Commission's
ns, therefore, expressly permit the solicitation of
ted" executive and administrative personnel and
limit a corporation's ability to solicit so-called
d" (i.e., union) employees.

Time and time again the Commission in its Advisory
has expressly and implicitly recognized the rights
ations under the Act to establish PACs and solicit
ions from their so-called "unprotected" management
(see e.g., Advisory Opinions 1977-70, 1978-61,
1978-21, 1979-42, 1979-48, 1976-23, 1978-16, 1979-13,
1976-19, 1976-4, 1976-18, 1977-56, 1976-92, 1976-75,
-44). The rule was succintly stated in Advisory Opin-
-77:

> As you know, the Act clearly permits a separate segregated fund to solicit the stockholders, executive or administrative personnel and their families of the corporation that established and administered the fund.

Advisory Opinion 1978-77.

The rule allowing solicitation of these employees
cannot be changed by gratuitously labelling them as "unprotected
employees." There can be no doubt that corporate PACs
may solicit contributions from the corporations' management
employees.

B. NEITHER THE FEDERAL ELECTION ACT NOR THE COMMISSION REGULATIONS REQUIRE ANONYMITY OF EMPLOYEE CONTRIBUTORS TO CORPORATE PACS

The complaint criticizes the fact that corporations ently know the identity of some or all of the contribu- and non-contributors to their PACs and indirectly suggests this is somehow a violation of the Federal Election Act. the Act and the Regulations, however, clearly envision that poration may know the identity of its management employee tbutors. There is no anonymity requirement in either the Regulations for contributions by management employees corporate PAC. To the contrary, the Act requires all PACs intain detailed records of contributions and report to ommission the names, addresses and occupations of all tributors who make contributions of more than $100. 2 U.S.C. (b). These names, along with the names of all contributors more than $100 to any political committee, are by statute a atter of public record. 2 U.S.C. § 438(a)(4).

The fact that there is no anonymity requirement for corporate solicitation of management employees is no oversight. In the 1976 Amendments, Congress limited the methods by which corporation could solicit contributions from non-management mployees and imposed, inter alia, anonymity requirements if corporate PAC chose to solicit those employees. 2 U.S.C. 441b(b)(3)(B). These anonymity requirements were not imposed for solicitation of management employees.

The Commission reaffirmed the fact that a corporation ne not insure the anonymity of management contributors and nc ntributors in Advisory Opinions 1976-23 and 1978-16, both or ich approved the use by corporate PACs of payroll deduction pr ams to collect the contributions of management employees. T ommission has recognized that Congress contemplated that would use methods for facilitating contributions which do n rovide for anonymity.

> 2 U.S.C. § 441b(b) provides for establishment by corporations and labor unions of separate segregated funds, and for facilitating the making of contributions to such funds. Congress intended to allow methods of contribution to separate segregated funds which would facilitate voluntary contributions.
>
> > The House amendment was intended to acknowledge the <u>use by corporations of various methods, such as check-off systems</u>, to solicit voluntary contributions or to facilitate the making of such contributions to separate segregated political funds . . . <u>The House amendment also intended to authorize such methods</u> notwithstanding any other provision of law. Report of Committee Conference on S-3065, Rpt. No. 94-1057, p. 62, 1976. (The House amendment was adopted.)

Advisory Opinion 1976-23. (Emphasis added).

C. THE STATUTE AND COMMISSION REGULATIONS EXPRESSLY ALLOW CORPORATE PACS TO SOLICIT "MIDLEVEL MANAGERS AND PROFESSIONAL EMPLOYEES"

The complaint criticizes the fact that corporate PACs solicit contributions from "mid-level managers and professional employees" and suggests that this is somehow a violation of

: Federal Election Act. This suggestion is patently frivolous
: totally contradicted by the plain language of the statute.

The Act and Regulations specifically allow a corporate
: to solicit its "executive and administrative employees."
: Act expressly includes "midlevel managers and professional
:loyees" in defining "executive and administrative personnel."

> . . . the term 'executive and administrative personnel' means individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities.

:.S.C. § 441b(b)(7). (Emphasis added). The Regulations fur-
:r provide that the statutory definitions of "executive and
:ministrative personnel" include "plant, division and section
:nagers," FEC Regs. § 114.1(c)(1)(i), and state that the Fair
:or Standards Act, 29 U.S.C. § 201 et seq., may be used as
:uideline in determining whether employees have policymaking,
:nagerial, professional or supervisory responsibilities. FEC
:us. § 114.1(c)(4).

On a number of occasions in its Advisory Opinions, the
:ommission has not only generally approved the solicitation of
:o-called "unprotected" managerial employees, but has specifi-
:ally allowed the solicitation of certain identified midlevel
management and professional employees. For example, in Advisory
Opinion 1978-27, the Commission approved the solicitation by a
corporate PAC of corporate "unit managers." Again, the Commis-
sion indicated in Advisory Opinion 1976-75 that, assuming other

requirements are met, corporate PACs may solicit salaried foreman. "supervision of an hourly employee is only an incidental part of the supervisory employee's function, such as the supervision of a clerk or secretary . . . ."

. CORPORATE PACS ARE PERMITTED TO USE PERSONAL FACE-TO-FACE SOLICITATION

The complaint criticizes the fact that many corporate PACs make "unrestricted personal" solicitations of management employees. Begrudgingly, the complainants admit that "there are [Commission] regulations", Complaint, p. 17 (emphasis and brackets added), which prohibit such personal face-to-face solicitation. This admission further demonstrates the absurdity of this complaint. Complainants allege that certain conduct is a violation of the Act, yet admit that there is no prohibition against that conduct.

The complainants mention the fact that some corporations at times use superiors to solicit subordinates. Although many corporations have not used this method, there is nothing improper in such solicitation. The Commission's Sun PAC (Advisory Opinion 1975-23) decision, while approving corporate PAC solicitation of all employees, suggested certain solicitation guidelines including no superior-subordinate solicitation.[6/]

6/ The Sun PAC guidelines included: (1) a superior should not solicit his/her subordinate; (2) the solicitor should inform the solicited employee of the political purpose of the PAC; and (3) the solicitor should inform the employee of his/her right to refuse to contribute without reprisal of any kind.

guidelines were before Congress at the time of the 1976 ments. However, while Congress chose to include two of the suggested Sun PAC guidelines as part of the 1976 Amend- it specifically declined to include the suggested guide- f no supervisor-subordinate solicitation in the amendments. gh such a guideline was included in the Senate bill, it jected by the Senate and House conferees prior to passage 1976 Amendments. Thus, complainants cite as a violation Act a "prohibition" which Congress expressly rejected.

In conclusion, all of the examples which complainants "improper" and "inherently" coercive solicitation methods fact completely legal and permissible and are totally con- with free-choice voluntary contributions.

THE COMPLAINANTS' "EVIDENCE" IS TOTALLY INSUFFICIENT TO WARRANT ANY INVESTIGATION BY THE COMMISSION

The submission of the complainants is devoid of any which identifies any specific example or incident of coercion" of employees by corporate PACs. Instead, the com- ainants rely on "six major findings from [complainants'] vey of corporate PAC donations" which supposedly demon- that corporate management employees are being inherently ced into contributing. Complaint, at 19. If allegations "evidence" such as those cited by complainants in their "six r findings" are sufficient to warrant Commission investiga- , the Commission would routinely be required to send its

sta on never-ending, costly, time-consuming and utterly fruit-
les nquests into perfectly legal behavior. The fact remains
th despite complainants' suggestive characterizations, the
all tions and "evidence" in their complaint, even if taken
in , do not establish violations of the Act or justify
Com sion investigation.

The first "major finding" of the complainants is that
th verage" contribution to a corporate PAC "ranges from $116
to 8." Complaint, at 19-20. It appears that the complainants
ar ggesting that the Commission investigate every contribu-
ti ver $116 on the assumption that a rebuttable presumption
ar that such a contribution must have been "coerced."
Th nants' suggestion will require that the Commission inves-
t virtually every individual contribution reported to it,
in the minimum contribution reportable to the Commission
is 0.[7]

The second "major finding" is that PAC funds are con-
tributed to candidates other than those of the same political
parties of the contributors. The Supreme Court made it clear
in Pipefitters Local Union No. 562 v. United States, 407 U.S.
5 (1972), that there is no constitutional or statutory pro-
hibition under 18 U.S.C. § 610[8] against a union or corporation
exercising control over its separate segregated fund. Apparently,
complainants would have the Commission investigate every PAC

7/ 2 U.S.C. § 434(b)(2).

8/ Section 610, the Federal Corrupt Practices Act, was subsequently reenacted as 2 U.S.C. § 441b.

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presumably labor PACs as well), whose contributions do not exactly coincide with the political party affiliation of its contributors on the presumption that the contributions to it must have been coerced. Such a suggestion is contrary to the very nature and purpose of union and corporate separate segregated funds. The Act, in allowing corporations and unions to establish PACs and to select the candidates to whom contributions are made without having to poll all PAC contributors, recognized that these PACs could give to candidates of all political parties. Certainly, the Act does not require PACs to accept contributions only from members of one party and make contributions only to that party.

The third "major finding" of complainants is even more ridiculous. It is complainants' contention that the fact that corporate PACs contribute to candidates in states other than those where their own contributors reside is "evidence" that their contributions to the PAC have been "coerced". The complainants offer no rationale why making contributions in other states evidences coercion. Again, the complainants are suggesting the Commission launch an investigation based on conduct which is clearly legal under the Act.

The fourth "major finding" is that employees of some corporations are not permitted to "earmark" contributions to recipients of PAC funds.[9/] As the Commission is well aware,

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9/ Complainants own evidence indicates that a number of corporate PACs permit earmarking, a fact which they evidently attempt to explain away by stating that most contributors do not earmark their contributions to a specific recipient.

ile earmarking of contributions is permissible,[10/] there is solutely no requirement that a PAC permit earmarking.[11/]

Complainants' fifth "major finding" is that a perntage of employees choosing to participate in corporate PACs evidence that such participation is "coerced." Complaint, 21. A careful examination of the data in the appendix of e complaint reveals that their percentage figures apply to ly a few PACs; in the few cases where a participation rate offered, it is based on either questionable sources or unreable assumptions. Once again, the complainants' theory, if llowed, would have the Commission investigate every PAC ncluding union PACs) that is successful in soliciting a large rcentage of its employees to contribute, irrespective of how ticulous it had been in following the law, on the presumption at the contributions must have been coerced.

The sixth and final "major finding" of the complainnts is that some corporate PACs utilize "guidelines" to suggest ontribution sizes. Such guidelines are expressly permitted y the Commission's Regulations. FEC Regs. § 114.5(2). Presumbly, complainants suggest that the Commission investigate all cases where a corporate or union PAC follows Commission Regulations on the assumption that such adherence to the law

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10/ See Advisory Opinion 1976-92; FEC Regs. §110.6.

11/ H.R. Conf. Rep. No. 93-1438, 93d Cong., 2d Sess. 51 (1974).

.. sufficient evidence for the Commission to find reason to lieve that a violation of the Act has occurred.

. . .

In conclusion, the "evidence" submitted by the com-ainants does not indicate that any violations of the Act have curred. On the contrary, it establishes that the corporate Cs have complied with the Act and the Commission's Regulations d Advisory Opinions. The Commission should, therefore, imme-ately dismiss the complaint.

.. COMPLAINANTS' CONSTITUTIONAL ARGUMENTS ARE FRIVOLOUS

Even if the Commission were to consider the com-laint, the constitutional challenges are frivolous on their ace. Complainants contend in Section III of the complaint hat if corporations are allowed to continue to exercise their tatutory and constitutional rights, the Federal Election Act's an on labor union treasury contributions violates the Fifth Amendment because it deprives unions of equal protection. The short answer to this argument is that the statute goes to great lengths to provide equal treatment of corporate and union political expenditures. The plain wording of 2 U.S.C. § 441b expressly establishes a strict parallelism between permissible and prohibited union conduct and permissible and prohibited corporate conduct. Thus, § 441b(a) prohibits "any corporation . . . or any labor organization" from making a contribution to

federal elections. (Emphasis added.) Section 441b(b)(2)(C) permits the establishment of separate segregated funds to be "utilized for political purposes by a corporation [or] labor organization." Contributions obtained "by dues, fees, or other monies required as a condition of membership in a labor organization" are prohibited; so are contributions obtained "as a condition of employment." § 441b(b)(3)(A). Corporations may solicit contributions from their "stockholders" and "executive and administrative personnel"; unions may solicit contributions from their "members." § 441b(4)(A)(i)&(ii). See also 441b(5)&(6). In other words, corporations and unions are given identical, parallel rights and prohibitions.

The balance thus struck in § 441b reflects a long-standing Congressional consensus[12/] which has been repeatedly affirmed by the courts. Pipefitters v. United States, supra, 407 U.S. at 406-08; United States v. UAW, 352 U.S. 567, 580 (1957); United States v. CIO, 335 U.S. 106, 115 (1948); McNamara v. Johnston, 522 F.2d 1137, 1165 (7th Cir. 1975).

12/ Thus, in explaining the scope of § 304 of the Taft-Hartley Act, Senator Taft stated:

> [I]t seems to me the conditions are exactly parallel, both as to corporations and labor organizations. [An association of manufacturers] receiving corporation funds and using them in an election would violate the law, in my opinion, exactly as the PAC, if it got its fund from labor unions, would violate the law.

93 Cong. Rec. 6439 (1947), cited in Pipefitters v. United States, supra, 407 U.S. at 406. (Emphasis added).

This consensus embodies, moreover, a long history of Congressional assessment of the realities of political action by both unions and corporations. Throughout most of this history, the greatest threat to the balance struck by the Federal Election Act has been created by massive union expenditures to influence the outcome of federal elections. Indeed, the Supreme Court has acknowledged that there may be a stronger federal interest in regulating political expenditures by unions than by corporations, because "union membership and the payment of union dues are often involuntary." Cort v. Ash, 422 U.S. 66, 81 n.13 (1975). At the very least, therefore, there is a compelling federal interest in allowing corporations to have an equal opportunity to solicit their management employees.[13/]

It follows that the Federal Election Act provisions, which simply allow corporations to solicit their management employees in a manner similar to that utilized by the unions

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13/ In fact, the reality is that unions continue to enjoy significant advantages over corporations under the statute. For example, the right of partisan communications granted by 441b(2)(A) is of much less value to corporations than to unions. This is because the number of "executive or administrative personnel" with whom the corporation can communicate is small in comparison with union membership and because the relationship between the corporation and its shareholders is of an entirely different character. For example, substantial numbers of shares in most large corporations are held by institutional investors. By contrast, unions have unrestricted access to their members and can function much more effectively as a political unit. See United States v. CIO, supra, 335 U.S. at 123-25.

in liciting their members, cannot deprive the unions of equ protection.

Complainants contend further in Section IV of the co aint that it is unconstitutional for a corporation to corporate funds even for the limited purpose of financing osts of PAC operations. This argument is totally lacking rit. Corporations, like other speakers in our society, irst Amendment interests which can be abridged only a strong showing of a contrary governmental interest. t National Bank of Boston v. Bellotti, 435 U.S. 765, 775 3). These interests are by no means limited to matters ctly connected with the corporation's economic tasks. Id. 77-78. As the Court explained, the First Amendment pro- s "significant societal interests" as well as individual rests, and liberty of discussion of "'all matters of public urn'" is at its core. Id. at 776. "This is no less true ause the speech comes from a corporation rather than an ividual." Id. at 777. Thus, absent a compelling govern- ental interest, corporate efforts to facilitate political dis- ssion have a "clear entitlement to protection." Id. at 778.

Claimants have turned this principle on its head. For ere Congress, far from asserting a compelling governmental interest, has declined to prohibit the use of corporate funds in this limited way. The reasons for the congressional judg- ment are readily apparent. As the Supreme Court observed in Pipefitters v. United States, supra, 385 U.S. at 430-31,

the statute apparently permits the use of union funds to finance solicitations for union PACs, on the ground that such a use, limited merely toward communicating with possible supporters, was an activity where group interests predominated and 'the interest of the minority [was] weakest . . .'" (citing remarks of Congressman Hansen, 117 Cong. Rec. H.43380 (1971)). If this is permissible activity for a union, using compulsory dues of members, a fortiori, it is permissible for a corporation in which "a stockholder acquires his stock voluntarily and is free to dispose of it." Cort v. Ash, supra, 422 U.S. at 81, accord, First National Bank of Boston v. Bellotti, supra, 435 U.S. at 794.[14/]

14/ The court in Bellotti, supra, distinguished the cases primarily relied upon by complainants, Abood v. Detroit Bd. of Education, 431 U.S. 209 (1977) and Machinists v. Street, 367 U.S. 740 (1961), along these lines. Both Abood and Street held that the use of union funds in furtherance of political goals was unconstitutional because the payment of union dues was mandatory, and the dissenting union member was therefore compelled "'to furnish contributions of money for the propagation of opinions which he disbelieves.'" Abood, supra, 431 U.S at 234 n.31. "The critical distinction [for corporations] is that no shareholder has been 'compelled' to contribute anything." First National Bank of Boston v. Bellotti, supra, 435 U.S. at 794, n.34.

Moreover, the Court noted that "even apart from the substantive differences between compelled membership in a union and voluntary investment in a corporation or voluntary participation in any collective organization, it is by no means an automatic step from the remedy in Abood which honored the interests of the minority without infringing the majority's rights," to a position "which would completely silence the majority because a hypothetical minority might object." 435 U.S. at 794, n. 34. That complete silencing of majority rights of political expression is precisely what complainants request.

If the Commission accedes to the complainants' request that it reexamine the solicitation rights given corporations by the Federal Election Act, the result could be an expansion rather than a reduction of those rights. Courts have increasingly tended to recognize the First Amendment rights of corporations, Bellotti, supra; Swartz v. Romnes, 495 F.2d 844, 852 (2d Cir. 1974). The Supreme Court made it clear in Buckley v. Valeo, 424 U.S. 1 (1976), that contributions and expenditures were a form of constitutionally protected speech that could not be infringed without the most compelling governmental interests.[15/] Therefore, the restrictions on the rights of corporations in soliciting their nonmanagement employees which were imposed by Congress in the 1976 Amendments may well be an infringement on the constitutional rights recognized in Bellotti.[16/]

15/ For example, the Court stated in Buckley that "[m]aking a contribution . . . enables like-minded persons to pool their resources in furtherance of common political goals" and that limitations upon the freedom to contribute "implicate fundamental First Amendment interests." Id. at 22-23.

16/ The Court in Buckley, supra, 1 (1976), of course, was unable to consider this issue since the 1976 Amendments were not passed until after the decision. The constitutionality of the provisions of the Act which restrict the rights of corporations to solicit all their employees were challenged in Martin Tractor Company v. Federal Election Commission, 460 F. Supp. 1017 (D.D.C. 1978). That suit, however, was dismissed on the grounds the parties lacked standing. It is possible that complainants have now set in motion the adjudicatory framework in which the patently unconstitutional legislative restriction of a corporation's rights to unrestricted solicitation of all employees may now be redressed.

V. THE COMPLAINT MISREPRESENTS THE LEGISLATIVE HISTORY AND CONGRESSIONAL INTENT OF THE FEDERAL ELECTION ACT

As stated earlier, the essence of the complaint is that the named corporations have violated the Federal Elec- Act, but rather that solicitation of management employees l corporate PACs is somehow "inherently coercive." In an mpt to support this proposition, the complaint seriously tates the legislative and judicial history of the regula- of corporate and union political activity.

The original proscription on contributions by busi- entities was enacted in 1907 and was limited to direct v contributions by corporations to campaigns.[17/] The Fed- Corrupt Practices Act of 1925 ("FCPA")[18/] amended the ibition to include implicit expenditures by corporations ell as contributions. Contrary to the suggestion of the plaint, however, the entire nature of the problem changed in sequent years. By the time of the Second World War, unions begun to engage extensively in political activities to uch an extent that Congress imposed a ban on wartime contribu- ions by unions to federal candidates.[19/] Following the war and

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17/ Act of January 26, 1907, ch. 420, 34 Stat. 864.

18/ Ch. 368, Tit. III, 43 Stat. 1070 (codified in scattered sections of 2, 18 U.S.C.).

19/ This ban was included in the War Labor Disputes Act (also known as the Smith-Connally Act). Act of June 25, 1943, ch. 144, 57 Stat. 167.

after extensive and well-publicized hearings and debate, Congress passed the Labor-Management Relations Act of 1947 ("Taft-Hartley Act") which amended the Federal Corrupt Practices Act of 1925 to make the wartime ban on contributions by labor unions permanent. Congress thus attempted to provide identical treatment[20/] of union and corporate expenditures to influence federal elections; that is, both were prohibited.

After the enactment of the Taft-Hartley Act, labor unions continued to seek to influence federal elections. In 1948, the president of the Congress of Industrial Organizations ("CIO") challenged the Taft-Hartley prohibitions restricting union expenditures and successfully opened a major loophole for unions in the law concerning partisan political communications with their own members. United States v. CIO, 335 U.S. 106 (1948). Labor then sought to eliminate what remained of the prohibition on the use of labor's substantial fiscal resources to influence federal elections. In United States v. UAW, 352 U.S. 567 (1957), however, the Supreme Court refused to strike down the provisions of federal law which prohibited unions from making expenditures to influence not only their members' views on partisan issues, but the views of the general public. In rejecting this attempt to remove the remaining restraint, Mr. Justice Frankfurter observed in the majority opinion that

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20/ See e.g., 93 Cong. Rec. 6593-98 (1947); H.R. Rep. No. 245, 80th Cong., 1st Sess. 46 (1947); H.R. Conf. Rep. No. 510, 80th Cong., 1st Sess. 67-68 (1947); 93 Cong. Rec. 7507 (1947).

what was involved was nothing less than "the integrity of our electoral process." 352 U.S. at 570.

Although unions were unsuccessful in their efforts to strike down the law prohibiting expenditures and contributions from dues money used to influence federal elections, they developed a device which permitted them to continue their active involvement in federal elections. Unions discovered that they could aggregate large amounts of money by assessing their members for "voluntary" contributions to separate, segregated funds, whose control remained with the union leadership.

In 1968, a union and three of its officers were indicted and convicted of violating the Taft-Hartley provisions (previously cited) for establishing and controlling such a separate segregated fund. After their appeals to the Supreme Court had been argued, but before a decision had been rendered, the Federal Election Campaign Act of 1971[21/] was passed by Congress, making it clear that separate segregated funds by both labor and corporations were legal. Pipefitters Local Union No. 562 v. United States, 407 U.S. 385 (1972).

The legislative history of the 1971 Act makes clear that Congress intended to permit corporations to engage in precisely the methods of solicitation the complainants now claim are illegal. See e.g., H.R. Rep. No. 92-564, 92d Cong., 1st Sess. 18 (1971); H.R. Conf. Rep. No. 92-752, 92d Cong., 1st

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21/ Pub. L. No. 92-225, 86 Stat. 3 (codified in scattered sections of 2, 18, 47 U.S.C. (amended 1974, 1976).

ess. 30-31 (1971); S. Conf. Rep. No. 92-580, 92d Cong., 1st ess 30-31 (1971). Largely because of reliance on this legislative history, the Supreme Court in Pipefitters affirmed the rig of unions and corporations to solicit contributions from th employees to their separate segregated funds provided th the contributions were voluntary. See e.g., 407 U.S. at 41 3, 422-27. Moreover, the Court in Pipefitters set forth t test to determine the voluntariness of contributions to a parate segregated fund established under § 610.[22/] ". . . t test of voluntariness under § 610 focuses on whether the tributions solicited for political use are knowing, free- ce donations." 407 U.S. at 414. (Emphasis added.) The t fully recognized the potential for coercion by unions in iciting contributions from their members. It noted that ress had recognized that a union's separate segregated fund little more than the alter ego of the union itself. 407 U.S. 420. The Court concluded that the statutory ban on coercion ust be read broadly to encompass solicitation schemes that not make plain the political nature of the union fund and he freedom of individuals solicited to refuse to contribute ithout reprisal." 407 U.S. at 427. Congress has subsequently mended the law twice, and the Commission has promulgated comprehensive, Congressionally approved regulations and numerous

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22/ 18 U.S.C. § 610 was reenacted by the 1976 Amendments and recodified at 2 U.S.C. § 441(b).

Advisory Opinions, all of which set clear procedures for meeting the Pipefitter's standard. Yet it is apparently the complainants position, unique in jurisprudence, that strict adherence to these laws is itself prima facie illegal.

When Congress again amended the Federal Corrupt Practices Act as part of the 1974 Amendments to the federal election laws, it reiterated the continuing right of corporations to solicit voluntary contributions from their employees to separate segregated funds to be used for political purposes. H.R. Rep. No. 93-1239, 93d Cong., 2d. Sess. 68-69 (1974). As a result, many corporations began to exercise rights which they had previously been reluctant to exercise.

Then in 1975, the Commission's Advisory Opinion 1975-23 (November 24, 1975), also known as the "Sun PAC opinion," made it clear that corporations had the right to solicit contributions from all employees including union members. Labor responded by lobbying to have those rights restricted by Congress when it enacted the Federal Election Campaign Act Amendments of 1976. The 1976 Amendments severely restricted solicitations by corporations of anyone other than their "stockholders and executive and administrative personnel and their families."

At the time of the 1976 Amendments Congress gave careful consideration to the solicitation process challenged in the complaint. It is unquestionably clear that Congress specifically intended to permit corporations to solicit their executive and

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administrative personnel through the very methods which are the subject of this "enforcement" proceeding. See S. Rep. No. 94-677, 94th Cong., 2d Sess. 10 (1976); 122 Cong. Rec. S.3698, 4151, 4154-55 (1976); H.R. Rep. No. 94-917, 94th Cong., 2d Sess. 1-2 (1976); H.R. Conf. Rep. No. 94-1057, 94th Cong., 2d Sess. 3-4 (1976).

The Commission should view the complaint in the context of this history. The complaint is, therefore, nothing more than an attempt to ignore years of legislative and judicial history and to prohibit corporations from exercising the same rights unions have exercised for years.

CONCLUSION

The Commission should dismiss the complaint, for it asks not to have the Commission enforce the Federal Election Act, but rather asks, based on constitutional arguments, the Commission to overturn the clear language of the Act. The allegations and "evidence" contained in the complaint, even if true, describe corporate conduct that is perfectly legal, and they do not merit any investigation by the Commission. None of the criticized methods or "evidence" supports the allegation that corporate PAC solicitations are inherently

ercive. Furthermore, the complainants constitutional argu-
nts are totally without merit. Therefore, for all of the
asons discussed above, the FEC should dismiss the complaint.

Respectfully submitted,

STEPTOE & JOHNSON

By Roger E. Warin
Roger E. Warin

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MODEL LETTER TO RESPONDENT

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

RE: MUR 1040

Dear

The Commission has determined that on the basis of the information in the complaint, which was sent to you on October 15, 1979, there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission intends to close its file on this matter.

Sincerely,

Charles N. Steele
Acting General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. William Winpisinger
President
International Association of Machinists
and Aerospace Workers
1300 Connecticut Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1040

Dear Mr. Winpisinger:

The Federal Election Commission has reviewed the allegations of your complaint dated October 4, 1979 and determined that on the basis of the information provided in your complaint, there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, ("the Act") has been committed.

Accordingly, upon my recommendation, the Commission has decided to close the file in this matter.

Should additional information come to your attention which you believe establishes a violation of the Act, please contact me. The file reference number for this matter is MUR 1040.

Sincerely,

Charles N. Steele
Acting General Counsel

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ARTICLE ADDRESSED TO

R. F. McAnanly

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Donald P. Malloch

943492

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DATE OF DELIVERY 12-21-79

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☆ GPO: 1978-272-382

MUR 1040 - Federman

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RESTRICTED DELIVERY

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H. E. Rudy

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943497

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Glen James

DATE OF DELIVERY 12-20-79

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CLERK'S INITIALS

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MUR 1040 - Federman

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RETURN RECEIPT REGISTERED INSURED AND CERTIFIED MAIL

2 ARTICLE ADDRESSED TO

Joseph J. Perro

3 ARTICLE DESCRIPTION

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William Winpisinger

943496

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Mick 1040 - Federman

ARTICLE ADDRESSED TO

B. L. Redwine

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CONSULT POSTMASTER FOR FEES

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Linda Gillespie

3 ARTICLE DESCRIPTION

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9753 HG

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4 DATE OF DELIVERY

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5 ADDRESS Complete only if requested

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CLERK'S INITIALS

BETWEEN ARTICLE REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO: 1978-272-382

Federman 1040

STEPTOE & JOHNSON
ATTORNEYS AT LAW
1250 CONNECTICUT AVENUE
WASHINGTON, D.C. 20036
(202) 862-2000

'79 NOV 9 PM 1:55

November 9, 1979

The Federal Election Comission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Commissioners:

The enclosed Memorandum of Law is being submitted on behalf of Dart Industries Inc., Eaton Corporation, General Electric Company, International Paper Company, United Technologies, and Winn-Dixie Stores to urge the Commission to dismiss the complaint filed on October 9, 1979, by the International Association of Machinists, William Winpisinger, Anne S. Morrison, Alan B. Morrison, Eugene Glover, Judy Reardon and Rebecca Ward. Each of these respondents specifically reserves its right under 2 U.S.C. § 437g(a)(4) to demonstrate that the Commission should take no action on the complaint.

Respectfully submitted,

STEPTOE & JOHNSON

Roger E. Warin

Roger E. Warin

cc: Acting General Counsel - Federal Election Commission
John Silard

3 NOV 13 A10:06

THE FEDERAL ELECTION COMMISSION

WASHINGTON, D.C.

MEMORANDUM OF LAW

This Memorandum of Law is being submitted by Dart Industries Inc., Eaton Corporation, General Electric Company, International Paper Company, United Technologies and Winn-Dixie Stores in connection with the "Complaint Against Operations of Corporate Political Action Committees" filed with the Commission on October 9, 1979, by the International Association of Machinists, William Winpisinger, Anne S. Morrison, Alan B. Morrison, Eugene Glover, Judy Reardon, and Rebecca Ward.

Of Counsel: STEPTOE & JOHNSON
1250 Connecticut Avenue, N.W.
Washington, D.C. 20036

November 9, 1979

I. INTRODUCTION

This Memorandum of Law, submitted on behalf of Dart Industries Inc., Eaton Corporation, General Electric Company, International Paper Company, United Technologies and Winn-Dixie Stores is filed in response to the complaint filed with the Commission on October 9, 1979, by the International Association of Machinists, William Winpisinger, Anne S. Morrison, Alan B. Morrison, Eugene Glover, Judy Reardon, and Rebecca Ward (referred to collectively hereafter as "complainants").[1/] The complainants assert that "Federal Election Law and Federal Constitutional guarantees are being violated by the operations of corporate Political Action Committees." The complaint makes clear that the named corporate respondents were selected solely because they have the "largest (in terms of contributions) Corporate Political Action Committees" and not because of any particular conduct of these respondents.

Even the most cursory review of the complaint demonstrates that it is invalid on its face, does not raise issues or allege facts which warrant investigation by the Commission and should be dismissed immediately. Section 437g of the Federal Election Campaign Act ("the Act" or the "Federal Election Act") gives the Commission the power to receive and review complaints by "[a]ny person who believes a violation of [the] Act"

1/ Although Anne D. Morrison, Eugene Glover and Rebecca Ward are listed as complainants, because of their failure to comply with the verification requirements of 2 U.S.C. § 437g(a)(1), their names should be stricken from the complaint.

has occurred. While the complaint purports to be an enforcement action seeking redress of specific violations of the Act, it is in fact a challenge to the Act itself which cannot be disguised simply by mislabeling it.

The complaint is a transparent attempt by opponents of corporate policital action committees ("PACs") to seek to have the Commission repeal portions of the statute it is empowered and required to enforce. It does not in fact allege violations of the Act and Commission Regulations as written, but rather conjures up violations of the Act as the complainants wish it had been written. If accepted, the arguments and allegations of complainants would not only revoke the unambiguous statutory rights of all American corporations, but would also deprive or severely restrict the First Amendment rights of free speech and freedom of association of millions of Americans.

Complainants are asking the Commission to exceed its constitutional and statutory authority to do now what Congress refused to do at the time it passed the Federal Election Act. The Commission should unequivocally reject this blatant attempt to use and manipulate it for political purposes.[2/]

2/ Complainants' political purposes are evidenced by their releasing of the complaint to the press when it was filed, in apparent violation of the confidentiality provisions of 2 U.S.C. § 437g (a)(3)(B). Such conduct is itself a violation of Congress' intent that the § 437g mechanism not be used as a political forum for the public airing of grievances which may in fact be groundless, and subverts the integrity of the enforcement mechanism carefully designed by Congress.

The complaint is totally deficient, for it fails to allege that the named corporate PAC respondents have violated any specific statutory prohibition or requirement set forth by Congress in the Act.[3/] There are no allegations of the use or threat of "physical force", "job discrimination" or "financial reprisals." There are no allegations that persons soliciting corporate PAC contributions have failed to inform employees of the political purpose of the solicitation or that employees have the right to refuse to contribute without any reprisal. Rather than allege any specific violation of the statute as required by 2 U.S.C. § 437g, the complaint makes the general allegation that all employee contributions to all corporate

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3/ These requirements are found in 2 U.S.C. § 441b(b)(3), which provides:

> (3) It shall be unlawful --
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> (A) for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals, or the threat of force, job discrimination, or financial reprisal; or by dues, fees, or other monies required as a contition of membership in a labor organization or as a condition of employment, or by monies obtained in any commercial transaction.
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> (B) for any person soliciting an employee for a contribution to such a fund to fail to inform such employee of the political purposes of such fund at the time of such solicitation; and
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> (C) for any person soliciting an employee for a contribution to such a fund to fail to inform such employee, at the time of such solicitation, of his right to refuse to so contribute without any reprisal.

PACs inherently lack voluntariness because of "subtle and psychological compulsion." It argues that ". . . there is no possibility that corporations could meet their heavy burden to prove that it is the employee's free will rather than his dependent position which induces the response to corporate PAC solicitations."[4/] Such general allegations are an abuse of the enforcement mechanism of Section 437g and are totally insufficient to warrant investigation by the Commission.

II. THE COMMISSION LACKS JURISDICTION TO CONSIDER CONSTITUTIONAL CHALLENGES TO THE FEDERAL ELECTION ACT

Stripped of its rhetorical trappings, the complaint in essence asks the Commission for a declaration that the provisions of the Federal Election Act allowing corporations to establish PACs and solicit contributions from "executive and administrative personnel" (hereinafter referred to as "management employees") are unconstitutional.

Sections I and II of the complaint misleadingly suggest that complainants are simply seeking to have the Act "construed to meet Constitutional requirements" when in fact, under the guise of complaining of alleged violations of the

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4/ It is interesting that complainants alleging inherent violations of law believe that the respondents "have the burden" of disproving the alleged illegal conduct.

Act, they seek to have the Commission administratively repeal unambiguous statutory language and its own Congressionally approved regulations both of which clearly contemplate and permit the challenged corporate activities.

Section III of the complaint asks the Commission to repeal administratively the unambiguous statutory prohibition on union contributions to federal elections because it "discriminates and violates the Constitution."

Section IV of the Complaint similarly asks the Commission to repeal administratively the unambiguous statutory provisions which allow corporations to pay the administrative expenses of PAC activities from company assets because this allegedly "violates the constitutional rights of stockholders."

It is a fundamental principle of administrative law that an administrative agency such as the Commission has no jurisdiction to consider such constitutional challenges to the statute it administers. "[A]djudication of the constitutionality of congressional enactments has generally been thought beyond the jurisdiction of administrative agencies" in the absence of express statutory provision. Oestereich v. Selective Service Board, 393 U.S. 233, 242 (1968) (Harlan, J., concurring in result). Accord, Weinberger v. Salfi, 422 U.S. 749, 764-65 (1975); Johnson v. Robison, 415 U.S. 361, 368 (1973); Panitz v. District of Columbia, 112 F.2d 39, 41-42 (D.C. Cir. 1940); Motor and Equipment Manufacturers Assoc. v. EPA, Nos. 78-1896,

78-1901 (D.C. Cir., Aug. 3, 1979), Slip Op. at 36-7. See also Public Utilities Commission v. United States, 355 U.S. 554, 539 (1958); Engineers Public Service Co. v. SEC, 138 F.2d 936, 952-53 (1943), dismissed as moot, 332 U.S. 788. Professor Kenneth Culp Davis, the leading authority on administrative law, has explained the reason for the rule as follows:

> A fundamental distinction must be recognized between constitutional applicability of legislation to particular facts and constitutionality of the legislation. When a tribunal passes upon constitutional applicability, it is carrying out the legislative intent, either express or implied or presumed. When a tribunal passes upon constitutionality of the legislation, the question is whether it shall take action which runs counter to the legislative intent. We commit to administrative agencies the power to determine constitutional applicability, but we do not commit to administrative agencies the power to determine constitutionality of legislation. Only the courts have authority to take action which runs counter to the expressed will of the legislative body.

K. Davis, 2 Administrative Law Treatise § 20.04 at p. 74. Thus, for the Commission to consider this complaint would undermine "the orderly, efficient functioning of the processes of government" which requires the courts to determine the constitutionality of legislative enactments--a task which "represents the highest exercise of judicial power, and one that even the judiciary is reluctant to exercise." Panitz v. District of Columbia, supra at 41-42.

5/ 2 U.S.C. § 437g.

Indeed, the Federal Election Act itself is conclusive on this score. While the Commission has broad primary jurisdiction over civil enforcement proceedings pertaining to violations of the Act,[5/] Section 437h specifically relegates precisely this kind of constitutional challenge to the federal courts:

> . . . The Commission, the national committee of any political party, or any individual eligible to vote in any election for the office of President of the United States may institute such actions in the appropriate district court of the United States, including actions for declaratory judgment, as may be appropriate to construe the constitutionality of any provision of this Act. The district court immediately shall certify all questions of constitutionality of this Act to the United States courts of appeals for the circuit involved, which shall hear the matter sitting en banc.

2 U.S.C. § 437h(a). (Emphasis added). As explained in the Congressional debate,

> Under [Section 437h] persons challenging the constitutionality of any provision of the act, retain their right to do so in court without exhausting administrative remedies to the extent the courts have jurisdiction under established principles. The delicately balanced scheme of procedures and remedies set out in the act is intended to be the exclusive means for vindicating the rights and declaring the duties stated therein.

120 Cong. Rec. H.10330 (1974) (Remarks of Rep. Hays). Accordingly, the Commission should dismiss the complaint because of its complete failure to allege violations of the Federal Election Act.

III. THE CORPORATE PAC CONDUCT WHICH THE COMPLAINT ALLEGES IS INHERENTLY COERCIVE IS IN FACT CLEARLY PERMISSIBLE UNDER THE FEDERAL ELECTION ACT

The conduct which the complaint (Section I and II) alleges violates the "voluntariness" requirement of the Federal Election Act is conduct which is clearly permissible under the Act and the Commission Regulations, and has been approved in numerous Commission Advisory Opinions.

The complaint challenges four aspects of corporate PAC solicitations alleging that these practices are "pregnant with coercion." Complaint, p. 15. As stated in the complaint:

> "1. All corporations are asking for political donations from totally unprotected employees.
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> 2. There is no provision to protect the anonymity of those who refuse to contribute or the amounts of contributions.
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> 3. It is the vulnerable midlevel career managers and professionals who are the primary target and source of the corporate PAC donations.
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> 4. The corporations provide no arms length protection against compulsion because they even permit solicitation in person by employees who supervise the solicited employee."

Complaint, p. 15.

Despite the complaint's inflamatory and misleading rhetoric, the challenged conduct is clearly lawful and permitted by the Act, and the Commission's Regulations and Advisory Opinions.

A. THE FEDERAL ELECTION ACT LEAVES NO DOUBT THAT CORPORATIONS MAY SOLICIT PAC CONTRIBUTIONS FROM SO-CALLED "UNPROTECTED" EMPLOYEES

The complaint criticizes the fact that corporations solicit so-called "unprotected employees" and suggests that such solicitation violates the Act. Apparently the term "unprotected employees" is a catch phrase for nonunion employees. The complaint chooses to ignore the fact that the Act unambiguously allows a corporate PAC "to solicit contributions to such fund from its executive and administrative personnel and their families." The Act defines "executive and administrative personnel" as "individuals employed by a corporation who are paid on a salary rather than hourly basis and who have policy making, managerial, professional, or supervisory responsibilities." 2 U.S.C. § 441b(b)(7). Congress was, therefore, fully aware at the time it enacted the 1976 Amendments that the Act and those amendments allowed corporate PACs to solicit contributions from so-called "unprotected employees." See e.g., S. Rep. No. 94-677, 94th Cong., 2d Sess. 10 (1976); 122 Cong. Rec. S. 3698, 4151, 4154-55 (1976); H.R. Rep. No. 94-917, 94th Cong., 2d Sess. 70-72 (1976); H.R. Conf. Rep. No. 94-1057, 94th Cong., 2d Sess. 59-64 (1976). The Commission regulations mirror the Act and provide additional guidance as to which employees fall within the category of "executive and administrative personnel". FEC Regs. § 114.1(c). These regulations state that the definition of "executive and

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administrative personnel" does not include "professionals who are represented by a labor organization". The Commission's regulations, therefore, expressly permit the solicitation of "unprotected" executive and administrative personnel and severely limit a corporation's ability to solicit so-called "protected" (i.e., union) employees.

Time and time again the Commission in its Advisory Opinions has expressly and implicitly recognized the rights of corporations under the Act to establish PACs and solicit contributions from their so-called "unprotected" management employees (see e.g., Advisory Opinions 1977-70, 1978-61, 1978-75, 1978-21, 1979-42, 1979-48, 1976-23, 1978-16, 1979-13, 1975-23, 1976-19, 1976-4, 1976-18, 1977-56, 1976-92, 1976-75, and 1979-44). The rule was succintly stated in Advisory Opinion 1978-77:

> As you know, the Act clearly permits a separate segregated fund to solicit the stockholders, executive or administrative personnel and their families of the corporation that established and administered the fund.

Advisory Opinion 1978-77.

The rule allowing solicitation of these employees cannot be changed by gratuitously labelling them as "unprotected career employees." There can be no doubt that corporate PACs may solicit contributions from the corporations' management employees.

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B. NEITHER THE FEDERAL ELECTION ACT NOR THE COMMISSION REGULATIONS REQUIRE ANONYMITY OF EMPLOYEE CONTRIBUTORS TO CORPORATE PACS

The complaint criticizes the fact that corporations frequently know the identity of some or all of the contributors and non-contributors to their PACs and indirectly suggests that this is somehow a violation of the Federal Election Act. Both the Act and the Regulations, however, clearly envision that a corporation may know the identity of its management employee contributors. There is no anonymity requirement in either the Act or Regulations for contributions by management employees to a corporate PAC. To the contrary, the Act requires all PACs to maintain detailed records of contributions and report to the Commission the names, addresses and occupations of all contributors who make contributions of more than $100. 2 U.S.C. § 434(b). These names, along with the names of all contributors of more than $100 to any political committee, are by statute a matter of public record. 2 U.S.C. § 438(a)(4).

The fact that there is no anonymity requirement for corporate solicitation of management employees is no oversight. In the 1976 Amendments, Congress limited the methods by which a corporation could solicit contributions from non-management employees and imposed, inter alia, anonymity requirements if a corporate PAC chose to solicit those employees. 2 U.S.C. § 441b(b)(3)(B). These anonymity requirements were not imposed for solicitation of management employees.

The Commission reaffirmed the fact that a corporation need not insure the anonymity of management contributors and noncontributors in Advisory Opinions 1976-23 and 1978-16, both of which approved the use by corporate PACs of payroll deduction programs to collect the contributions of management employees. The Commission has recognized that Congress contemplated that PACs would use methods for facilitating contributions which do not provide for anonymity.

> 2 U.S.C. § 441b(b) provides for establishment by corporations and labor unions of separate segregated funds, and for facilitating the making of contributions to such funds. Congress intended to allow methods of contribution to separate segregated funds which would facilitate voluntary contributions.
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> > The House amendment was intended to acknowledge the <u>use by corporations of various methods, such as check-off systems</u>, to solicit voluntary contributions or to facilitate the making of such contributions to separate segregated political funds . . . <u>The House amendment also intended to authorize such methods</u> notwithstanding any other provision of law. Report of Committee Conference on S-3065, Rpt. No. 94-1057, p. 62, 1976. (The House amendment was adopted.)

Advisory Opinion 1976-23. (Emphasis added).

C. THE STATUTE AND COMMISSION REGULATIONS EXPRESSLY ALLOW CORPORATE PACS TO SOLICIT "MIDLEVEL MANAGERS AND PROFESSIONAL EMPLOYEES"

The complaint criticizes the fact that corporate PACs solicit contributions from "mid-level managers and professional employees" and suggests that this is somehow a violation of

the Federal Election Act. This suggestion is patently frivolous and totally contradicted by the plain language of the statute.

The Act and Regulations specifically allow a corporate PAC to solicit its "executive and administrative employees." The Act expressly includes "midlevel managers and professional employees" in defining "executive and administrative personnel."

> . . . the term 'executive and administrative personnel' means individuals employed by a corporation who are paid on a salary, rather than hourly, basis and who have policymaking, managerial, professional, or supervisory responsibilities.

2 U.S.C. § 441b(b)(7). (Emphasis added). The Regulations further provide that the statutory definitions of "executive and administrative personnel" include "plant, division and section managers," FEC Regs. § 114.1(c)(1)(i), and state that the Fair Labor Standards Act, 29 U.S.C. § 201 et seq., may be used as a guideline in determining whether employees have policymaking, managerial, professional or supervisory responsibilities. FEC Regs. § 114.1(c)(4).

On a number of occasions in its Advisory Opinions, the Commission has not only generally approved the solicitation of so-called "unprotected" managerial employees, but has specifically allowed the solicitation of certain identified midlevel management and professional employees. For example, in Advisory Opinion 1978-27, the Commission approved the solicitation by a corporate PAC of corporate "unit managers." Again, the Commission indicated in Advisory Opinion 1976-75 that, assuming other

requirements are met, corporate PACs may solicit salaried foremen if "supervision of an hourly employee is only an incidental part of the supervisory employee's function, such as the supervision of a clerk or secretary . . . ."

D. CORPORATE PACS ARE PERMITTED TO USE PERSONAL FACE-TO-FACE SOLICITATION

The complaint criticizes the fact that many corporate PACs make "unrestricted personal" solicitations of management employees. Begrudgingly, the complainants admit that "there are no [Commission] regulations", Complaint, p. 17 (emphasis and brackets added), which prohibit such personal face-to-face solicitation. This admission further demonstrates the absurdity of this complaint. Complainants allege that certain conduct is a violation of the Act, yet admit that there is no prohibition against that conduct.

The complainants mention the fact that some corporations at times use superiors to solicit subordinates. Although many corporations have not used this method, there is nothing improper in such solicitation. The Commission's Sun PAC (Advisory Opinion 1975-23) decision, while approving corporate PAC solicitation of all employees, suggested certain solicitation guidelines including no superior-subordinate solicitation.[6/]

6/ The Sun PAC guidelines included: (1) a superior should not solicit his/her subordinate; (2) the solicitor should inform the solicited employee of the political purpose of the PAC; and (3) the solicitor should inform the employee of his/her right to refuse to contribute without reprisal of any kind.

These guidelines were before Congress at the time of the 1976 Amendments. However, while Congress chose to include two of the three suggested Sun PAC guidelines as part of the 1976 Amendments, it specifically declined to include the suggested guideline of no supervisor-subordinate solicitation in the amendments. Although such a guideline was included in the Senate bill, it was rejected by the Senate and House conferees prior to passage of the 1976 Amendments. Thus, complainants cite as a violation of the Act a "prohibition" which Congress expressly rejected.

In conclusion, all of the examples which complainants give of "improper" and "inherently" coercive solicitation methods are in fact completely legal and permissible and are totally consistent with free-choice voluntary contributions.

E. THE COMPLAINANTS' "EVIDENCE" IS TOTALLY INSUFFICIENT TO WARRANT ANY INVESTIGATION BY THE COMMISSION

The submission of the complainants is devoid of any evidence which identifies any specific example or incident of "coercion" of employees by corporate PACs. Instead, the complainants rely on "six major findings from [complainants'] survey of corporate PAC donations" which supposedly demonstrate that corporate management employees are being inherently coerced into contributing. Complaint, at 19. If allegations or "evidence" such as those cited by complainants in their "six major findings" are sufficient to warrant Commission investigation, the Commission would routinely be required to send its

staff on never-ending, costly, time-consuming and utterly fruitless inquests into perfectly legal behavior. The fact remains that, despite complainants' suggestive characterizations, the allegations and "evidence" in their complaint, even if taken as true, do not establish violations of the Act or justify Commission investigation.

The first "major finding" of the complainants is that the "average" contribution to a corporate PAC "ranges from $116 to $338." Complaint, at 19-20. It appears that the complainants are suggesting that the Commission investigate every contribution over $116 on the assumption that a rebuttable presumption arises that such a contribution must have been "coerced." Complainants' suggestion will require that the Commission investigate virtually every individual contribution reported to it, since the minimum contribution reportable to the Commission is $100.[7/]

The second "major finding" is that PAC funds are contributed to candidates other than those of the same political parties of the contributors. The Supreme Court made it clear in Pipefitters Local Union No. 562 v. United States, 407 U.S. 385 (1972), that there is no constitutional or statutory prohibition under 18 U.S.C. § 610[8/] against a union or corporation exercising control over its separate segregated fund. Apparently, complainants would have the Commission investigate every PAC

7/ 2 U.S.C. § 434(b)(2).

8/ Section 610, the Federal Corrupt Practices Act, was subsequently reenacted as 2 U.S.C. § 441b.

(presumably labor PACs as well), whose contributions do not exactly coincide with the political party affiliation of its contributors on the presumption that the contributions to it must have been coerced. Such a suggestion is contrary to the very nature and purpose of union and corporate separate segregated funds. The Act, in allowing corporations and unions to establish PACs and to select the candidates to whom contributions are made without having to poll all PAC contributors, recognized that these PACs could give to candidates of all political parties. Certainly, the Act does not require PACs to accept contributions only from members of one party and make contributions only to that party.

The third "major finding" of complainants is even more specious. It is complainants' contention that the fact that corporate PACs contribute to candidates in states other than those where their own contributors reside is "evidence" that such contributions to the PAC have been "coerced". The complainants offer no rationale why making contributions in other states evidences coercion. Again, the complainants are suggesting the Commission launch an investigation based on conduct which is clearly legal under the Act.

The fourth "major finding" is that employees of some corporations are not permitted to "earmark" contributions to recipients of PAC funds.[9/] As the Commission is well aware,

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9/ Complainants own evidence indicates that a number of corporate PACs permit earmarking, a fact which they evidently attempt to explain away by stating that most contributors do not earmark their contributions to a specific recipient.

while earmarking of contributions is permissible,[10/] there is absolutely no requirement that a PAC permit earmarking.[11/]

Complainants' fifth "major finding" is that a percentage of employees choosing to participate in corporate PACs is evidence that such participation is "coerced." Complaint, at 21. A careful examination of the data in the appendix of the complaint reveals that their percentage figures apply to only a few PACs; in the few cases where a participation rate is offered, it is based on either questionable sources or unreliable assumptions. Once again, the complainants' theory, if followed, would have the Commission investigate every PAC (including union PACs) that is successful in soliciting a large percentage of its employees to contribute, irrespective of how meticulous it had been in following the law, on the presumption that the contributions must have been coerced.

The sixth and final "major finding" of the complainants is that some corporate PACs utilize "guidelines" to suggest contribution sizes. Such guidelines are expressly permitted by the Commission's Regulations. FEC Regs. § 114.5(2). Presumably, complainants suggest that the Commission investigate all cases where a corporate or union PAC follows Commission Regulations on the assumption that such adherence to the law

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10/ See Advisory Opinion 1976-92; FEC Regs. §110.6.

11/ H.R. Conf. Rep. No. 93-1438, 93d Cong., 2d Sess. 51 (1974).

is sufficient evidence for the Commission to find reason to believe that a violation of the Act has occurred.

. . .

In conclusion, the "evidence" submitted by the complainants does not indicate that any violations of the Act have occurred. On the contrary, it establishes that the corporate PACs have complied with the Act and the Commission's Regulations and Advisory Opinions. The Commission should, therefore, immediately dismiss the complaint.

IV. COMPLAINANTS' CONSTITUTIONAL ARGUMENTS ARE FRIVOLOUS

Even if the Commission were to consider the complaint, the constitutional challenges are frivolous on their face. Complainants contend in Section III of the complaint that if corporations are allowed to continue to exercise their statutory and constitutional rights, the Federal Election Act's ban on labor union treasury contributions violates the Fifth Amendment because it deprives unions of equal protection. The short answer to this argument is that the statute goes to great lengths to provide equal treatment of corporate and union political expenditures. The plain wording of 2 U.S.C. § 441b expressly establishes a strict parallelism between permissible and prohibited union conduct and permissible and prohibited corporate conduct. Thus, § 441b(a) prohibits "any corporation . . . or any labor organization" from making a contribution to

federal elections. (Emphasis added.) Section 441b(b)(2)(C) permits the establishment of separate segregated funds to be "utilized for political purposes by a corporation [or] labor organization." Contributions obtained "by dues, fees, or other monies required as a condition of membership in a labor organization" are prohibited; so are contributions obtained "as a condition of employment." § 441b(b)(3)(A). Corporations may solicit contributions from their "stockholders" and "executive and administrative personnel"; unions may solicit contributions from their "members." § 441b(4)(A)(i)&(ii). See also § 441b(5)&(6). In other words, corporations and unions are given identical, parallel rights and prohibitions.

The balance thus struck in § 441b reflects a long-standing Congressional consensus[12/] which has been repeatedly affirmed by the courts. Pipefitters v. United States, supra, 407 U.S. at 406-08; United States v. UAW, 352 U.S. 567, 580 (1957); United States v. CIO, 335 U.S. 106, 115 (1948); McNamara v. Johnston, 522 F.2d 1137, 1165 (7th Cir. 1975).

12/ Thus, in explaining the scope of § 304 of the Taft-Hartley Act, Senator Taft stated:

> [I]t seems to me the conditions are exactly parallel, both as to corporations and labor organizations. [An association of manufacturers] receiving corporation funds and using them in an election would violate the law, in my opinion, exactly as the PAC, if it got its fund from labor unions, would violate the law.

93 Cong. Rec. 6439 (1947), cited in Pipefitters v. United States, supra, 407 U.S. at 406. (Emphasis added).

This consensus embodies, moreover, a long history of Congressional assessment of the realities of political action by both unions and corporations. Throughout most of this history, the greater threat to the balance struck by the Federal Election Act has been created by massive union expenditures to influence the outcome of federal elections. Indeed, the Supreme Court has acknowledged that there may be a stronger federal interest in regulating political expenditures by unions than by corporations, because "union membership and the payment of union dues is often involuntary." Cort v. Ash, 422 U.S. 66, 81 n.13 (1975). At the very least, therefore, there is a compelling federal interest in allowing corporations to have an equal opportunity to solicit their management employees.[13/]

It follows that the Federal Election Act provisions, which simply allow corporations to solicit their management employees in a manner similar to that utilized by the unions

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13/ In fact, the reality is that unions continue to enjoy significant advantages over corporations under the statute. For example, the right of partisan communications granted by § 441b(2)(A) is of much less value to corporations than to unions. This is because the number of "executive or administrative personnel" with whom the corporation can communicate is small in comparison with union membership and because the relationship between the corporation and its shareholders is of an entirely different character. For example, substantial numbers of shares in most large corporations are held by institutional investors. By contrast, unions have unrestricted access to their members and can function much more effectively as a political unit. See United States v. CIO, supra, 335 U.S. at 123-25.

in soliciting their members, cannot deprive the unions of equal protection.

Complainants contend further in Section IV of the complaint that it is unconstitutional for a corporation to use corporate funds even for the limited purpose of financing the costs of PAC operations. This argument is totally lacking in merit. Corporations, like other speakers in our society, have First Amendment interests which can be abridged only upon a strong showing of a contrary governmental interest. First National Bank of Boston v. Bellotti, 435 U.S. 765, 775 (1978). These interests are by no means limited to matters directly connected with the corporation's economic tasks. Id. at 777-78. As the Court explained, the First Amendment protects "significant societal interests" as well as individual interests, and liberty of discussion of "'all matters of public concern'" is at its core. Id. at 776. "This is no less true because the speech comes from a corporation rather than an individual." Id. at 777. Thus, absent a compelling governmental interest, corporate efforts to facilitate political discussion have a "clear entitlement to protection." Id. at 778.

Claimants have turned this principle on its head. For here Congress, far from asserting a compelling governmental interest, has declined to prohibit the use of corporate funds in this limited way. The reasons for the congressional judgment are readily apparent. As the Supreme Court observed in Pipefitters v. United States, supra, 385 U.S. at 430-31,

the statute apparently permits the use of union funds to finance solicitations for union PACs, on the ground that such a use, directed merely toward communicating with possible supporters, was "an activity where group interests predominated and 'the interest of the minority [was] weakest . . .'" (citing remarks of Congressman Hansen, 117 Cong. Rec. H.43380 (1971)). If this is a permissible activity for a union, using compulsory dues of its members, a fortiori, it is permissible for a corporation in which "a stockholder acquires his stock voluntarily and is free to dispose of it." Cort v. Ash, supra, 422 U.S. at 81, n.13; accord, First National Bank of Boston v. Bellotti, supra, 435 U.S. at 794.[14/]

14/ The court in Bellotti, supra, distinguished the cases primarily relied upon by complainants, Abood v. Detroit Bd. of Education, 431 U.S. 209 (1977) and Machinists v. Street, 367 U.S. 740 (1961), along these lines. Both Abood and Street held that the use of union funds in furtherance of political goals was unconstitutional because the payment of union dues was mandatory, and the dissenting union member was therefore compelled "'to furnish contributions of money for the propagation of opinions which he disbelieves.'" Abood, supra, 431 U.S at 234 n.31. "The critical distinction [for corporations] is that no shareholder has been 'compelled' to contribute anything." First National Bank of Boston v. Bellotti, supra, 435 U.S. at 794, n.34.

Moreover, the Court noted that "even apart from the substantive differences between compelled membership in a union and voluntary investment in a corporation or voluntary participation in any collective organization, it is by no means an automatic step from the remedy in Abood which honored the interests of the minority without infringing the majority's rights," to a position "which would completely silence the majority because a hypothetical minority might object." 435 U.S. at 794, n. 34. That complete silencing of majority rights of political expression is precisely what complainants request.

If the Commission accedes to the complainants' request that it reexamine the solicitation rights given corporations by the Federal Election Act, the result could be an expansion rather than a reduction of those rights. Courts have increasingly tended to recognize the First Amendment rights of corporations, Bellotti, supra; Swartz v. Romnes, 495 F.2d 844, 852 (2d Cir. 1974). The Supreme Court made it clear in Buckley v. Valeo, 424 U.S. 1 (1976), that contributions and expenditures were a form of constitutionally protected speech that could not be infringed without the most compelling governmental interests.[15/] Therefore, the restrictions on the rights of corporations in soliciting their nonmanagement employees which were imposed by Congress in the 1976 Amendments may well be an infringement on the constitutional rights recognized in Bellotti.[16/]

15/ For example, the Court stated in Buckley that "[m]aking a contribution . . . enables like-minded persons to pool their resources in furtherance of common political goals" and that limitations upon the freedom to contribute "implicate fundamental First Amendment interests." Id. at 22-23.

16/ The Court in Buckley, supra, 1 (1976), of course, was unable to consider this issue since the 1976 Amendments were not passed until after the decision. The constitutionality of the provisions of the Act which restrict the rights of corporations to solicit all their employees were challenged in Martin Tractor Company v. Federal Election Commssion, 460 F. Supp. 1017 (D.D.C. 1978). That suit, however, was dismissed on the grounds the parties lacked standing. It is possible that complainants have now set in motion the adjudicatory framework in which the patently unconstitutional legislative restriction of a corporation's rights to unrestricted solicitation of all employees may now be redressed.

V. THE COMPLAINT MISREPRESENTS THE LEGISLATIVE HISTORY AND CONGRESSIONAL INTENT OF THE FEDERAL ELECTION ACT

As stated earlier, the essence of the complaint is not that the named corporations have violated the Federal Election Act, but rather that solicitation of management employees by all corporate PACs is somehow "inherently coercive." In an attempt to support this proposition, the complaint seriously misstates the legislative and judicial history of the regulation of corporate and union political activity.

The original proscription on contributions by business entities was enacted in 1907 and was limited to direct money contributions by corporations to campaigns.[17/] The Federal Corrupt Practices Act of 1925 ("FCPA")[18/] amended the prohibition to include implicit expenditures by corporations as well as contributions. Contrary to the suggestion of the complaint, however, the entire nature of the problem changed in subsequent years. By the time of the Second World War, unions had begun to engage extensively in political activities to such an extent that Congress imposed a ban on wartime contributions by unions to federal candidates.[19/] Following the war and

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17/ Act of January 26, 1907, ch. 420, 34 Stat. 864.

18/ Ch. 368, Tit. III, 43 Stat. 1070 (codified in scattered sections of 2, 18 U.S.C.).

19/ This ban was included in the War Labor Disputes Act (also known as the Smith-Connally Act). Act of June 25, 1943, ch. 144, 57 Stat. 167.

after extensive and well-publicized hearings and debate, Congress passed the Labor-Management Relations Act of 1947 ("Taft-Hartley Act") which amended the Federal Corrupt Practices Act of 1925 to make the wartime ban on contributions by labor unions permanent. Congress thus attempted to provide identical treatment[20/] of union and corporate expenditures to influence federal elections; that is, both were prohibited.

After the enactment of the Taft-Hartley Act, labor unions continued to seek to influence federal elections. In 1948, the president of the Congress of Industrial Organizations ("CIO") challenged the Taft-Hartley prohibitions restricting union expenditures and successfully opened a major loophole for unions in the law concerning partisan political communications with their own members. United States v. CIO, 335 U.S. 106 (1948). Labor then sought to eliminate what remained of the prohibition on the use of labor's substantial fiscal resources to influence federal elections. In United States v. UAW, 352 U.S. 567 (1957), however, the Supreme Court refused to strike down the provisions of federal law which prohibited unions from making expenditures to influence not only their members' views on partisan issues, but the views of the general public. In rejecting this attempt to remove the remaining restraint, Mr. Justice Frankfurter observed in the majority opinion that

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20/ See e.g., 93 Cong. Rec. 6593-98 (1947); H.R. Rep. No. 245, 80th Cong., 1st Sess. 46 (1947); H.R. Conf. Rep. No. 510, 80th Cong., 1st Sess. 67-68 (1947); 93 Cong. Rec. 7507 (1947).

what was involved was nothing less than "the integrity of our electoral process." 352 U.S. at 570.

Although unions were unsuccessful in their efforts to strike down the law prohibiting expenditures and contributions from dues money used to influence federal elections, they developed a device which permitted them to continue their active involvement in federal elections. Unions discovered that they could aggregate large amounts of money by assessing their members for "voluntary" contributions to separate, segregated funds, whose control remained with the union leadership.

In 1968, a union and three of its officers were indicted and convicted of violating the Taft-Hartley provisions (previously cited) for establishing and controlling such a separate segregated fund. After their appeals to the Supreme Court had been argued, but before a decision had been rendered, the Federal Election Campaign Act of 1971[21/] was passed by Congress, making it clear that separate segregated funds by both labor and corporations were legal. Pipefitters Local Union No. 562 v. United States, 407 U.S. 385 (1972).

The legislative history of the 1971 Act makes clear that Congress intended to permit corporations to engage in precisely the methods of solicitation the complainants now claim are illegal. See e.g., H.R. Rep. No. 92-564, 92d Cong., 1st Sess. 18 (1971); H.R. Conf. Rep. No. 92-752, 92d Cong., 1st

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21/ Pub. L. No. 92-225, 86 Stat. 3 (codified in scattered sections of 2, 18, 47 U.S.C. (amended 1974, 1976).

Sess. 30-31 (1971); S. Conf. Rep. No. 92-580, 92d Cong., 1st Sess. 30-31 (1971). Largely because of reliance on this legislative history, the Supreme Court in Pipefitters affirmed the right of unions and corporations to solicit contributions from their employees to their separate segregated funds provided that the contributions were voluntary. See e.g., 407 U.S. at 410-13, 422-27. Moreover, the Court in Pipefitters set forth the test to determine the voluntariness of contributions to a separate segregated fund established under § 610.[22/] ". . . [T]he test of voluntariness under § 610 focuses on whether the contributions solicited for political use are knowing, free-choice donations." 407 U.S. at 414. (Emphasis added.) The Court fully recognized the potential for coercion by unions in soliciting contributions from their members. It noted that Congress had recognized that a union's separate segregated fund is little more than the alter ego of the union itself. 407 U.S. at 420. The Court concluded that the statutory ban on coercion "must be read broadly to encompass solicitation schemes that do not make plain the political nature of the union fund and the freedom of individuals solicited to refuse to contribute without reprisal." 407 U.S. at 427. Congress has subsequently amended the law twice, and the Commission has promulgated comprehensive, Congressionally approved regulations and numerous

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22/ 18 U.S.C. § 610 was reenacted by the 1976 Amendments and recodified at 2 U.S.C. § 441(b).

Advisory Opinions, all of which set clear procedures for meeting the Pipefitter's standard. Yet it is apparently the complainants position, unique in jurisprudence, that strict adherence to these laws is itself prima facie illegal.

When Congress again amended the Federal Corrupt Practices Act as part of the 1974 Amendments to the federal election laws, it reiterated the continuing right of corporations to solicit voluntary contributions from their employees to separate segregated funds to be used for political purposes. H.R. Rep. No. 93-1239, 93d Cong., 2d. Sess. 68-69 (1974). As a result, many corporations began to exercise rights which they had previously been reluctant to exercise.

Then in 1975, the Commission's Advisory Opinion 1975-23 (November 24, 1975), also known as the "Sun PAC opinion," made it clear that corporations had the right to solicit contributions from all employees including union members. Labor responded by lobbying to have those rights restricted by Congress when it enacted the Federal Election Campaign Act Amendments of 1976. The 1976 Amendments severely restricted solicitations by corporations of anyone other than their "stockholders and executive and administrative personnel and their families."

At the time of the 1976 Amendments Congress gave careful consideration to the solicitation process challenged in the complaint. It is unquestionably clear that Congress specifically intended to permit corporations to solicit their executive and

administrative personnel through the very methods which are the subject of this "enforcement" proceeding. See S. Rep. No. 94-677, 94th Cong., 2d Sess. 10 (1976); 122 Cong. Rec. S.3698, 4151, 4154-55 (1976); H.R. Rep. No. 94-917, 94th Cong., 2d Sess. 70-72 (1976); H.R. Conf. Rep. No. 94-1057, 94th Cong., 2d Sess. 59-64 (1976).

The Commission should view the complaint in the context of this history. The complaint is, therefore, nothing more than an attempt to ignore years of legislative and judicial history and to prohibit corporations from exercising the same rights unions have exercised for years.

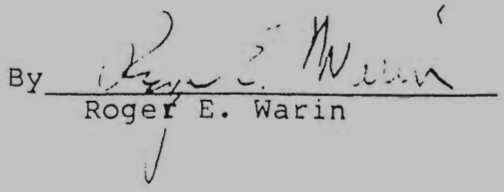
CONCLUSION

The Commission should dismiss the complaint, for it seeks not to have the Commission enforce the Federal Election Act, but rather asks, based on constitutional arguments, the Commission to overturn the clear language of the Act. The allegations and "evidence" contained in the complaint, even if true, describe corporate conduct that is perfectly legal, and they do not merit any investigation by the Commission. None of the criticized methods or "evidence" supports the allegation that corporate PAC solicitations are inherently

coercive. Furthermore, the complainants constitutional arguments are totally without merit. Therefore, for all of the reasons discussed above, the FEC should dismiss the complaint.

Respectfully submitted,

STEPTOE & JOHNSON

By 
Roger E. Warin

STEPTOE & JOHNSON
ATTORNEYS AT LAW
1250 CONNECTICUT AVENUE
WASHINGTON, D.C. 20036
(202) 862-2000

November 9, 1979

The Federal Election Comission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Commissioners:

The enclosed Memorandum of Law is being submitted on behalf of Dart Industries Inc., Eaton Corporation, General Electric Company, International Paper Company, United Technologies, and Winn-Dixie Stores to urge the Commission to dismiss the complaint filed on October 9, 1979, by the International Association of Machinists, William Winpisinger, Anne S. Morrison, Alan B. Morrison, Eugene Glover, Judy Reardon and Rebecca Ward. Each of these respondents specifically reserves its right under 2 U.S.C. § 437g(a)(4) to demonstrate that the Commission should take no action on the complaint.

Respectfully submitted,

STEPTOE & JOHNSON

Roger E. Warin

Roger E. Warin

cc: Acting General Counsel - Federal Election Commission
John Silard

0 0 0 4 0 1 8 0 7 8 6

RE Marin

STEPTOE & JOHNSON

1250 CONNECTICUT AVE., N. W.

WASHINGTON, D. C. 20036

DELIVERED BY HAND

Harry L. Ponder, Esquire
Assistant General Counsel
The Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

CIVIC INVOLVEMENT PROGRAM/GENERAL MOTORS

November 2, 1979

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Mr. Oldaker:

This letter is to acknowledge receipt of a copy of the complaint filed with the Federal Election Commission against Civic Involvement Program/GM and ten other corporate PACs which you forwarded us last week. Your office has advised us that this does not constitute the official notification of any Commission determination or investigation required under FEC regulations.

The allegations against Civic Involvement Program/GM are incorrect, and we are most willing to cooperate with the Federal Election Commission in any investigation into this matter in order to rectify these inaccuracies. Although we would like to comment more substantively about these inaccuracies, it is our understanding that under FEC regulations we are not permitted to communicate with you or any other member of the Commission staff relative to the factual merits of the matter until we have been formally requested to do so.

If we can provide you with any information or material to assist you in your review of the matter, please do not hesitate to let us know.

Sincerely,

Joseph J. Pero
Treasurer
Civic Involvement Program/GM

1G94

William C. Oldaker, Esq.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

HAND DELIVER

GCC#
11415

MAR 1940

RECEIVED
FEDERAL ELECTION
COMMISSION

'79 OCT 22 AM 9:45

Amoco Political Action Committee

200 East Randolph Drive
Chicago, Illinois 60601

Chairman
C. R. Lockwood
Vice Chairman
B. G. Wiley
Treasurer
D. R. Cannon
Assistant Treasurer
B. R. Labrie

October 18, 1979

William C. Oldaker, Esquire
General Counsel
Federal Election Commission
Washington, D. C. 20463

Dear Mr. Oldaker:

I have received a copy of the complaint filed against Standard Oil Company (Indiana) and its corporate sponsored political action committee, Amoco PAC.

I would like to thank you for the courtesy extended us by forwarding this copy. I would appreciate being informed of any developments as you deem appropriate.

Sincerely yours,

Douglas R. Cannon

Douglas R. Cannon
Treasurer

DRC/mea

'79 OCT 22 A10:54

Amoco
Political
Action
Committee

William C. Oldaker, Esquire
General Counsel
Federal Election Commission
Washington, D. C. 20463

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 15, 1979

Donald P. Malloch, Treasurer
Dart Political Action Committee
8480 Beverly Blvd.
Los Angeles, California 90048

Dear Mr. Malloch:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

00018079 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 15, 1979

H. E. Rudy, Treasurer
Eaton Public Policy Association
100 Erieview Plaza
Cleveland, Ohio 44114

Dear Mr. Rudy:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

2 6 7 9 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 15, 1979

Robert J. Canning, Treasurer
Non-Partisan Political Support Committee
3135 Easton Turnpike
Fairfield, Connecticut 06431

Dear Mr. Canning:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 15, 1979

Joseph J. Pero, Treasurer
Civic Involvement Program
3044 West Grand Boulevard
Detroit, Michigan 48202

Dear Mr. Pero:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

1679

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 15, 1979

W. Wachino, Treasurer
Grumman Political Action Committee
1111 Stewart Avenue
Bethpage, New York 11714

Dear Mr. Wachino:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 15, 1979

Diane V. Brown, Treasurer
Voluntary Contributors for Better Government
1620 Eye Street, N.W. #700
Washington, D.C. 20006

Dear Ms. Brown:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 15, 1979

R. F. McAnanly, Treasurer
Union Camp Political Action Committee
1600 Valley Road
Wayne, New Jersey 07470

Dear Mr. McAnanly:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

7 9 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 15, 1979

John M. Abel, Treasurer
Political Awareness Fund
461 South Boylston Street
Room M-01
Los Angeles, California 90017

Dear Mr. Abel:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 15, 1979

Dale Van Winkle, Treasurer
United Technologies Corporation
Political Action Committee
United Technologies Building
Hartford, Connecticut 06101

Dear Mr. Van Winkle:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 15, 1979

B. L. Redwine, Treasurer
Sunbelt Good Government Committee
5050 Edgewood Court
P. O. Box B
Jacksonville, Florida 32205

Dear Mr. Redwine:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 15, 1979

Douglas R. Cannon, Treasurer
Amoco Political Action Committee
200 East Randolph Drive, M.C. 3704
Chicago, Illinois 60601

Dear Mr. Cannon:

Enclosed please find a copy of a complaint filed against your committee.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

10818

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 9, 1979

Mr. William Winpisinger
President
International Association of
Machinists and Aerospace Workers
1300 Connecticut Avenue, N.W.
Washington, D.C. 20036

Dear Mr. Winpisinger:

This is to acknowledge receipt of your complaint of October 4, 1979, alleging violations of the Federal Election Campaign Laws. A staff member has been assigned to analyze your allegations and a recommendation to the Federal Election Commission as to how this matter should be handled will be made shortly. You will be notified as soon as the Commission determines what action should be taken. For your information, we have attached a brief description of the Commission's preliminary procedures for the handling of complaints.

Sincerely,

Hal Ponder
Assistant General Counsel

Enclosure

GCC #11297
MUR 1040

BEFORE THE FEDERAL ELECTION COMMISSION
WASHINGTON, D. C.

COMPLAINT AGAINST OPERATIONS OF CORPORATE POLITICAL ACTION COMMITTEES, INCLUDING:

DART INDUSTRIES
EATON CORPORATION
GENERAL ELECTRIC
GENERAL MOTORS
GRUMMAN CORPORATION
INTERNATIONAL PAPER
UNION CAMP
UNION OIL
UNITED TECHNOLOGIES
WINN-DIXIE

Pursuant to 2 U.S.C. §437 g (a)(1), union complainants (International Association of Machinists and its President William Winpisinger), stockholder complaintants (Anne S. and Alan B. Morrison and Gene Glover), and citizen complainants (Judy Reardon and Rebecca J. Ward), assert that the Federal Election Law and Federal Constitutional guarantees are being violated by the operations of corporate Political Action Committees, including those of Dart Industries, Eaton Corporation, General Electric, General Motors, Grumman Corporation, International Paper, Standard Oil of Indiana, Union Camp, Union Oil, United Technologies, and Winn-Dixie. The basis for this Complaint is set forth in the following presentation and attachments.

International Association of Machinists

William Winpisinger, President, IAM

Anne S. Morrison

Alan B. Morrison

Eugene Glover, Trustee of Pension Plan for Grand Lodge Officers and Employees

Judy Reardon

Rebecca J. Ward

Of Counsel:
John Silard
Rauh, Silard, Lichtman
1001 Connecticut Avenue, N.W.
Washington, D.C. 20036

9 OCT 9 A10:08

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INTRODUCTION

In 1907 the Congress, alarmed at the political consequences of massive corporate political donations to federal elections, outlawed any corporate contributions or expenditures in connection with a federal election.[1/] Subsequent experience proved that the statute had little practical effect. The Senate investigations by the Gore subcommittee in the 1950's showed that there remained a massive imbalance in the funding of federal elections, an imbalance advantaging corporate interests because of the disproportionate influence of private wealth in federal elections. Corporate owners, directors and officials, and their families, remained free to pour massive contributions into federal elections, and they did so. The Gore Committee's report, 1956 General Elections Campaigns, Report of Subcommittee on Privileges and Elections, 84th Cong. 1st Sess. (1957) p.3, found "heavy campaign expenditures by persons affiliated with big business, and large vested interests...largely to Republican committees and candidates..." The Report pointed out (id.) that the contributions "made by the officers and the directors of 225 of our largest corporations totaled $1,816,597 to the candidates and committees of the Republican party..." The Gore report concluded (p. 5) that "the findings of the subcommittee as set out in this report poignantly demonstrated the need for effective limitations on the amount of individual contributions..."

In 1971 Congress undertook such limitation by enacting a $1,000 limit on individual contributions to any federal candidate. With the front door of direct corporation contributions closed since 1907, and now with the side door of large individual

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1/ Congress extended the ban to labor unions on a temporary basis in 1943 as part of the Smith Connally Act, 50 U.S.C. 1509 (1940 ed.). In 1947 this statutory prohibition was made permanent by Section 304 of the Taft-Hartley Act, 18 U.S.C. 610.

contributions also closed, corporations moved to preserve their role and influence in federal elections by a back door method which has proved immensely successful. Seizing upon a "separate fund" exception Congress adopted in 1971, they began soliciting their own career employees -- who have no job protection and whose job prospects and advancement are entirely dependent upon employer good will -- to contribute to a corporation political action committee, which then takes the donated amounts and contributes them to federal candidates. After 1971, and particularly when this Commission in 1975 approved this device, there was an immediate and rapid proliferation of corporate PACs. In 1974 there were 89 corporate PACs in operation; in 1975 there were 139; by the 1976 elections the number had risen to 450; and by the 1978 elections there were no less than 812 corporate PACs operating with employee-donated "voluntary' contributions which provided corporations a 17 million dollar elections-contributions fund.

In 1976, Congress expressed its concern about the burgeoning phenomenon of corporate Political Action Committees operating from employee contributions, by placing restrictions on their operations. Under section 441b(b)(4)(B), adopted as part of the 1976 amendments, unionized employees are permitted to be solicited by their employer only twice a year by mail, and under protected conditions of anonymity. Non-unionized employees who fall within the category "executive and administrative personnel" are permitted to be solicited without such restrictions, but the voluntary character of their donations is still intended to be secured by the statute's provision (id.) barring any employment coercion or threat which obtains donations from employees "by physical force, job discrimination, [or] financial reprisals...."

When Congress adopted these provisions there were warnings that vulnerable corporate employees without contractual job

protection could be subjected to coercion to obtain their "voluntary" support for the company's political interests. Our analysis of the actual operations of the corporate Political Action Committees in 1978 proves that these fears were fully justified -- corporate solicitations of employees to donate to the PACs are effectively a system of kickbacks from employees not in a position to shrug off company requests for support; consequently, most of them respond to the employers' solicitations. Our presentation is provided herein under four major points:

In Point I we show that the statute, constructed to meet constitutional guarantees, requires that any employee response to a corporate political contribution request be completely free and voluntary. In addition to the statute's specific ban on coercion, that statutory construction is also required by the First Amendment, which bars any form of governmentally-sanctioned political duress or compulsion. Here the corporate PAC activity in view is not only sanctioned and regulated by the federal law, but results directly from Congress having closed the front and side doors to corporations when it prohibited direct corporate contributions to a federal election and then sharply curtailed the amount of individual donations by corporation owners, directors and officers. When Congress closed those doors for corporate influence, corporations turned to their employees with requests for "voluntary" donations to their political treasure chests under a "separate fund" exception enacted in 1971. Under these circumstances government has its "thumb on the scales" and thus protective constitutional rules are fully applicable, requiring that any employee's contribution to a corporate political fund be wholly free and voluntary.

In Point II we demonstrate from the corporate Political Action Committees' operations in 1978 that they do not and cannot

meet that requirement. To begin with, it is clear that most employees who are being solicited to contribute to the company's political cause are not really free to refuse the request because they have no contractual or union job protection nor anonymity protection if they decline to give. Moreover, the mid-level management employees on whom the corporations are successfully concentrating their PAC donation requests are particularly vulnerable: they are career workers whose advancement is entirely dependent upon maintaining the good will of the employer. When they are approached for donations by a supervisor or other agent of the employer, it is doubtful whether their resulting donation to the corporation's political treasure chest could ever meet the voluntariness requirement.

In any event, the PAC contributions made by the employees demonstrate beyond question that the voluntariness requirement is not and cannot be met. The data shows that among the top ten corporate PACs (by contributions), career employees are donating annual amounts far beyond normal voluntary political giving; they are doing so though in many cases the money is going to the Party opposed to the donor's own Party allegiance; and most of the employee-contributed funds do not even go into Congressional races in the state in which the employee resides. Moreover, employees are not permitted to designate the candidates to be supported, most of those who are solicited do give, and the corporations are orchestrating the amounts of the employees' donations. In sum, the entire evidence demonstrates that the corporate Political Action Committees are operating with employee donations which are voluntary only in name; in fact they derive from the employment relationship and the economic dependency of the career employee.

In Point III we proceed to show that if the corporate PAC operations were nevertheless deemed lawful, then the statute's

ban on labor union contributions in federal elections is discriminatory and violates the Fifth Amendment of the Constitution. Section 441b(a) of the statute purports evenhandedly to forbid unions and corporations to contribute to a federal election. If corporations with their economic power over employees can evade that ban through the back door of induced "voluntary" political contributions from unprotected career employees, then the corporate PAC contribution is in effect a corporation contribution and the prohibition on contributions operates effectively only against unions, not contributions. Unions have no comparable power of the purse by which to build massive political treasure chests from the sanctions of unprotected career employees. Thus, a ruling which upholds the operations of the corporate Political Action Committees would necessarily render one-sided and unconstitutional Section 441b(a) prohibiting union contributions to federal elections.

Finally, in Point IV we demonstrate that the statute's provision (§441b(b)(2)(C)) authorizing financing of the operating costs of corporate Political Action Committees from corporate assets, violates the constitutional rights of corporate stockholders. There is no reason why a Democratic stockholder should pay for the substantial cost of soliciting employee donations to a corporate Political Action Committee which contributes to Republican condidates. Congress in 1976 approved the use of institutional costs for the operation of corporate PACs on the assumption that the political action committee is a means for facilitating employee political participation through campaign donations. But the desire to facilitate political participation is not a "compelling interest" which sanctions the use of a stockholder's share of corporate assets to produce donations to a fund for contributions to political candidates in whom the stockholder may have no interest

or whose election he may actually oppose. Under these circumstances, we submit that the statute is invalid in sanctioning use of stockholder assets for the operations costs of corporate PACs.

With this introductory explanation, we turn to our four-part presentation. We urge its careful consideration, because the Commission's resolution may largely determine the future course of American politics under circumstances where federal elections are being swamped by a growing horde of corporate political committees masquerading as a system of voluntary employee donations.

tainted by institutional involvements. As the Supreme Court made clear in United States v. Pipefitters, 407 U.S. 385 (1972) full voluntariness of the contribution is thus essential to compliance with the statute's ban on corporate elections contributions. In Pipefitters (in reviewing the validity of a labor union PAC) the Court expressed its agreement (at 414) with the Government's contention (at 413-414) that a "separate fund" which escapes the ban on union and corporate election contributions may not be financed "by payments that are effectively assessed, that is, solicited in circumstances inherently coercive." Therefore (at 414) the statute;

> "focuses on whether the contributions solicited for political use are knowing free-choice donations. The dominant concern in requiring that contributions be voluntary was after all to protect the dissenting stockholder or union member."

Thus, the requirement of voluntariness is strict, and particularly so where an employer solicits persons whose livelihood and job prospects he controls. In that economically dependent and potentially coercive setting the safeguard of voluntariness, emphasized by the Supreme Court in 1972 in Pipefitters, takes on major importance.

In 1975 this Commission's Sun Pac ruling freed corporations to solicit political contributions from their employees. Hundreds of corporations immediately did so (see supra, p. 3). Congress responded in 1976 by imposing arms-length solicitation and anonymity limitations on such corporate activity (2 USC 441b(b)(4)(B)). Although these limitations were not made applicable to "executive and administrative personnel," the amendments left unimpaired the voluntariness requirement adopted in 1971 which had been given key emphasis in the Supreme Court's Pipefitters decision.[2/] Thus, even

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2/ "Executive and administrative personnel" are defined in the statute (§441b(b)(7)) as "individuals employed by a corporation who are paid on a salary, rather than an hourly basis and who have policy making, managerial, professional or supervisory responsibilities." According to the Conference Report accompanying the 1976 amendments, the term encompasses "individuals who run the corporation's business," such as officers,

(continued on next page)

I. THE STATUTE, CONSTRUED SO AS TO MEET CONSTITUTIONAL REQUIREMENTS, PERMITS ONLY COMPLETELY FREE AND VOLUNTARY EMPLOYEE DONATIONS TO CORPORATE POLITICAL ACTION COMMITTEES

Since 1907 Congress has banned corporate contributions to federal elections (for a complete history of the ban, see United States v. U.A.W., 352 U.S. 567, 570-584 (1957)). In 1971 a civil ban was added, with language similar to the original criminal prohibition. See 2 U.S.C. 441b(a). However, at that time Congress also authorized the establishment by labor unions and corporations of "separate and segregated funds, to be utilized for political purposes," now known generally as Political Action Committees (see 441b(b)(2)). Congress thereby contemplated that just as labor unions had been soliciting their members, corporations might solicit their stockholders for voluntary political contributions. See generally 117 Cong. Rec. 43,379-43,390.

i. Voluntariness of donations was the keystone of the exception Congress codified in the "separate fund" provision in 1971. Congress expressly provided in Section 441b(3) that:

> "It shall be unlawful for such a fund to make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisals or the threat of force, job discrimination or financial reprisals, or by dues, fees, or other money required as a condition of membership in a labor organization or as a condition of employment."

Known as the Hansen amendment, in the words of its drafter, the purpose of this provision was to provide "strong assurance that a refusal to contribute will not lead to reprisals" (117 Cong. Rec. 43, 381 (1971)).

That assurance is essential, for if the contribution is made with fear of reprisal or in anticipation of reward it is clearly not a voluntary political contribution but rather is money paid as a condition or attribute of employment, and the funds are in effect

solicitations of executive and administrative employees must not be "in circumstances inherently coercive" and must be "free choice donations."

ii. While the statute thus makes clear that to qualify as permissible political contributions to a "separate fund" employee donations to a corporate PAC must be fully voluntary, the guarantees of the First Amendment give added scope and strength to that requirement. And the First Amendment is fully applicable here, because corporate solicitation of employee political contributions results from Congressional action, and is both sanctioned and closely regulated by the statute.

Thus, it is Congressional action which has given rise to corporate Political Action Committees operating from employee donations. In 1907 Congress had closed the front door to corporate contributions in federal elections. Then in 1971 it also closed the side door by the $1,000 limitation on individual contributions, but it provided a potential loophole for entry, by the "separate fund" exception to the ban on corporate elections donations. Corporations promptly developed the back door PAC device operating with "voluntary" donations solicited from career employees. It is noteworthy that as early as 1971 Congress had sanctioned corporate PACs -- apparently contemplating stockholder participation -- but it was not until in 1975 this Commission in Sun Pac opened the door to the solicitation of corporate employees that business turned to its own for help. In 1974 there were only 89 corporate Political Action Committees in operation. After Sun Pac, by the 1976 elections the number had grown to 450 and two years later there were 812 registered with this Commission. This record can leave no doubt

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executives, plant division and section managers, and professionals (e.g., lawyers and engineers) who have not chosen a bargaining representative. But foremen and lower level supervisors directly over hourly employees are excluded from the category of "executive and administrative personnel."

that it is Congressional enactments which have induced corporations to solicit their employees to contribute to management's political fund; it is only when the other avenues were closed by law that corporations availed themselves of the statute's "separate fund" exception, looking as a last resort to their own employees to maintain corporate presence in federal elections. Under these circumstances, government certainly has its "thumb on the scales" within the meaning of the established rule that private action becomes subject to constitutional restraints where government has intruded into the balance of private forces.[3/]

Moreover, Congressional action has not only given rise to corporate employee solicitations for politics but Congress has also sanctioned that solicitation. It was Congress which adopted the 1971 "separate fund" exception. When Congress in 1976 considered this Commission's Sun Pac decision and its potential effects, it could well have restricted corporate PACs to donations from stockholders; that would have maintained a parity between corporations and unions, for the stockholder is to the corporation approximately what the member is to the union. But Congress instead again affirmatively sanctioned corporate solicitation of employees for political contributions as an exception to the ban on corporate contributions to elections, thus further vesting "state action" limitations upon such corporate conduct.[4/] Finally, Congress has also

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3/ As the Supreme Court pointed out in American Communications Association, CIO v. Douds, 339 U.S. 382, 401 (1950), "when authority derives in part from government's thumb upon the scales, the exercise of that power by private persons becomes closely akin in some respects to its exercise by government itself." See also Railway Employees' Department v. Hanson, 351 U.S. 225, 231-232 (1956); Public Utilities Comm. v. Pollak 343 U.S. 451 (1952); Abood v. Detroit Board of Education, 431 U.S. 209 (text at notes 18, 22-23, and n. 12) (1977).

4/ Hanson, supra; Amalgamated Food Employees v. Logan Valley Plaza, 391 U.S. 308 (1968); Evans v. Newton, 382 U.S. 296 (1966); Burton v. Wilmington Parking Authority, 365 U.S. 715 (1961); Terry v. Adams, 345 U.S. 461 (1953).

closely regulated corporation solicitations of employee contributions, distinguishing between categories of employees in the methodology permitted and imposing a general ban against coercion. The close Congressional regulation further serves to make applicable constitutional limitations.[5/]

iii. Thus, for three separate reasons -- corporate PACs result from Congressional action, are sanctioned by Congressional action, and are closely regulated by Congressional action -- constitutional limits here apply and corporate solicitation of employee political contributions under 2 U.S.C. 441b(b)(4)(A) must meet First Amendment standards. And it is clear that to comply with that Amendment the statute must be construed to guarantee absolute freedom from compelled political tribute or support of any kind, and to permit (in the Supreme Court's words in Pipefitters) only completely knowing "free choice donations" which are not "solicited in circumstances inherently coercive." That is the required statutory construction because the First Amendment is rigorous in its guarantees of political freedom -- both of speech and association as well as silence and abstention.

The First Amendment safeguards both the right to speak freely and the right to refrain from speaking at all. Wooley v. Maynard, 430 U.S. 705 (1977); West Virginia v. Barnett, 319 U.S. 624 (1943); Miami Herald Publishing Co. v. Tornillo, 418 U.S. 241 (1974). It also protects the right of individuals to hold a point of view different from the majority, and to refuse to foster or support ideas they find objectionable. Wooley v. Maynard, supra, 715; Torcaso v. Watkins, 367 U.S. 488 (1961).

The First Amendment, moreover, applies preeminently in the political sphere where the individual always remains free to adhere

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5/ Public Utilities Comm. v. Pollak, 343 U.S. 451 (1952); Reitman v. Mulkey, 387 U.S. 369 (1967); Robinson v. Florida 378 U.S. 153 (1964).

to his own political views and to support candidates he favors (See Buckley v. Valeo, 424 U.S. 1 (1976)) and also to refrain from financing views or causes he does not support. Kuspar v. Pontikes 414 U.S. 51 (1973); cf. Machinists v. Street, 367 U.S. 740 (1961). Because of the fundamental importance of the First Amendment, all constraints on its free exercise are forbidden and compelled financing or promotion of candidates or causes violates the Amendment. Abood v. Detroit Board of Education, 431 U.S. 209. Thus, in Elrod v. Burns, 427 U.S. 347 (1976), the Supreme Court recently applied the First Amendment to strike down compelled political allegiance or contributions. The reasoning of the Court (427 U.S. at 355) underscores the significance of the guarantee against compulsory political support, and thus of the assurance that all PAC contributions be "free-choice donations":

> "In order to maintain their jobs, respondents were required to pledge their political allegiance to the Democratic Party, work for the election of other candidates of the Democratic Party, contribute a portion of their wages to the Party.... Regardless of the incumbent party's identity, Democratic or otherwise, the consequences for association and belief are the same. An individual who is a member of the out-party maintains affiliation with his own party at the risk of losing his job. He works for the election of his party's candidates and espouses its policies at the same risk. The financial aid and campaign assistance that he is induced to provide to another party further the advancement of that party's policies to the detriment of his party's views and ultimately his own beliefs, and any assessment of his salary is tantamount to coerced belief.... Even a pledge of allegiance to another party, however ostensible, only serves to compromise the individual's true beliefs. Since the average public employee is hardly in the financial position to support his party and another, or to lend his time to two parties, the individual's ability to act according to his beliefs and to associate with others of his political persuasion is constrained, and support for his party is diminished."

That the First Amendment bars all compelled political activism or support is thus beyond dispute. Moreover, in all areas of personal freedom of thought, belief and action it bars not only

blantant but also subtle and even unintended compulsion. Thus, seemingly benign maternity leave policies of school systems impinge on a teacher's decision to bear a child, and are thereby impermissible. Cleveland Board of Education v. LaFleur and Cohen v. Chesterfield Co., 414 U.S. 632 (1974). Mere inquiries can discourage free exercise of First Amendment rights. Baird v. State Bar, 401 U.S. 1 (1971).

In sum, the statute's voluntariness provision must be construed and applied in the light of the underlying constitutional freedom from compelled political support -- a freedom which repels not merely gross coercion but also subtle and psychological compulsion which a corporation's request for an employee's political contribution can easily invoke. Thus, only the assurance of completely free choice donations by the employee can comply with the statute and its underlying constitutional predicate. We proceed to demonstrate that the corporate PACs do not come anywhere close to meeting that governing standard.

II. CORPORATIONS ARE SOLICITING POLITICAL CONTRIBUTIONS FROM UNPROTECTED CAREER EMPLOYEES AND THE EVIDENCE SHOWS THAT RESULTING EMPLOYEE DONATIONS ARE NOT FREE AND VOLUNTARY

Our Complaint to this Commission is based upon an extensive review of data (see Appendix of Corroborating Materials), much of it from the Commission's files, concerning the 1978 operation of the nation's ten largest (in terms of contributions) corporate Political Action Committees: Dart Industries, Eaton Corporation, General Electric, General Motors, Winn-Dixie, Standard Oil of Indiana, Union Camp, United Techologies, Union Oil, International Paper and General Motors.[6/] Our analysis also includes an eleventh Political Action Committee -- that of Grumman Corporation -- which is smaller in size but has been added as a control on the results from the top ten.

A. The Coercive Methodology of Corporate PAC Solicitations. Four major findings underscore that the corporate PAC methodology is pregnant with coercion. First, all of the corporations are asking for political donations from totally unprotected employees; second, there is no provision to protect the anonymity of those who refuse to contribute or the amounts of contributions; third, it is the vulnerable mid-level career managers and professionals who are the primary target for and source of the corporate PAC donations; and fourth, the corporations provide no arms-length protections against compulsion, because they even permit solicitations in person by employees who supervise the solicited employee.[7/] These four realities represent a clearly coercive setting for corporate PAC operations:

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6 / American Family Corporation was among the top eleven corporate political action committees in terms of contributions to federal candidates, but we eliminated it from analysis because it solicits independent agents rather than employees.

7 / It is significant that although under the statute stockholders are available for solicitation to contribute to corporate PACs, corporations do not in fact solicit their stockholders but look instead to their employees for political contributions.

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1. All the corporations are asking for political donations from unprotected career employees. The employees from whom the corporations are obtaining their political treasure chests are not the salaried or hourly workers who have job protection; they are career employees not protected either by collective bargaining agreements or individual contract. Such employees are totally dependent on the good will of the corporation for promotions, raises, and continued employment security. In this situation the desire to demonstrate loyalty and concern for the well-being of the corporation is strong incentive to respond to any contribution request. Particularly when corporations view their political objectives as an integral part of their pursuit of profits, their solicitations for contributions to the company PAC are indistinguishable by employees from other areas wherever the good employee is expected to promote the interests of his employer. Moreover, solicitation material sent by the corporations tells the professional employee that his PAC donation is to help his company. 8/

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If corporate PACs were operating with truly voluntary money, then the stockholders would seem the most directly concerned to provide voluntary support; yet the corporations look instead to the employees who have no comparable freedom to refuse company requests for help. The corporations' failure to look to their stockholders is a confession of how ineffective corporate PACs would be if they had to operate from truly voluntary donations.

8/ Thus, the Amoco PAC 1976 solicitation describes the PAC as "Your best opportunity to date to support the petroleum industry and the free enterprise system." A 1976 Grumman PAC solicitation states that the PAC's purpose is to support candidates "whose views indicate a reasonable understanding of Grumman's plans and projects." A 1976 United Technologies description of the PAC explained that it seeks "by its contributions...the advancement of the industries and types of businesses in which United Technologies may be engaged from time to time." Union Camp explains that its PAC supports candidates who "understand the viewpoint of business...on issues affecting the company and the industry." Professional employees cannot fail to understand from such solicitations that their money is requested to help the company.

2. There is no provision in the corporate PACs to protect the employee's anonymity. Given the vulnerability of the career employee, management's knowledge of the identity of contributors and non-contributors and of the amounts of the contributions has clearly coercive effect on the solicited employee. Yet all the PACs surveyed permit person-to-person contact as the method of solicitation; such contact makes the lack of anonymity more immediate and hence more threatening. The fact that the corporation will know who gives and who does not is a powerful pressure on the solicited career employee. Although a few corporations offer employees assurance that the names of those participating or refusing to participate will be held in confidence, such assurances are undercut by the use of personal solicitation and use of the payroll check-off for PAC contributions.

3. The primary target for and source of PAC funds is the mid-level manager and professional employee. This is particularly true at Eaton, Amoco, Union Camp, General Electric, General Motors, Grumman, International Paper, and Union Oil, whose corporate PACs do not merely rely on top-level officers or the Board of Directors to obtain campaign funds; solicitations go far beyond the executive suite. More than 75% of the itemized PAC contributors at these eight corporations are mid-level managers and professional employees. Thus most of the corporations surveyed receive most of their PAC funds from the employees most subject to the coercive pressure of the employer-employee relationship. The corporations obviously look to those employees least able to resist participation, because at mid-level on the ladder of success they are most dependent on employer good will to gain career promotion.

4. Employees are subject to unrestricted personal solicitation, including solicitation by supervisors and other higher-ups. Because there are no regulations which restrict corporate PAC

solicitation of "executive and administrative" personnel, or the relationship between the solicitor and the employee, corporations can place direct personal pressure on this category of employees and use supervisors or other superiors -- the same individuals who make the decisions on promotions, salary, etc. -- to solicit subordinate employees. For example, Justin Dart, of Dart Industries, personally contacts employees who have not contributed to the PAC and gives them "a sell"; Eaton states that "face to face" meetings with employees are the most effective.[9/] Similarly Union Camp, Grumman, Amoco, and United Technologies have no prohibition at all against solicitation by superiors of subordinate employees in their PAC by-laws or operating manuals. General Electric and International Paper prohibit the use of immediate supervisors as PAC solicitors, but they do permit personal solicitation and the individual conducting the solicitation is answerable to the PAC coordinator, who is in a superior position to the solicited employees.[10/]

In sum, considering the fact that (1) the employees whom the corporations effectively solicit for their PAC funds have no

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9/ Mr. Dart personally monitors the response to PAC solicitations; individuals not contributing are contacted by Dart himself, and in his own words, they "get a sell." See The Wall Street Journal, Tuesday, August 15, 1978, p. 1. Eaton Corporation found that "face to face meetings with our managers were the most effective method of solicitation" (response in April, 1979 to unpublished survey by Tykes Research Associates, Washington, D.C.).

10/ The intimidation resulting from direct and unlimited solicitations by a superior cannot be underestimated. Such a situation is particularly threatening given the fact that employee evaluations and performance ratings are largely subjective and are based on impressions formed by the employees' superiors. Furthermore, a large number of non-contributors in a given department or division reflects on the ability of supervisors or division managers to meet the objectives of the corporation. The natural tendency is to pressure employees into making donations as a means of demonstrating departmental effectiveness in meeting corporate goals. The solicited employee is placed in a situation where he must weight the probable detriment of a refusal to give against the possible benefits of cooperation. The very high response rate of response (see infra, p. 21) shows how that "choice" is being exercised.

contractual job protection or union representation; (2) there is no pretence of anonymity to protect an employee who wishes not to donate; (3) the heaviest solicitation and contributions come from mid-level career employees least in a position to refuse employer requests; and (4) even the supervisor is permitted to solicit his employee's "voluntary" contribution, the entire operation of the corporate PACs is fraught with potential for coercion and the donations are clearly being "solicited in circumstances inherently coercive." When under these circumstances career employees respond to company requests to contribute to the corporation's political treasure chest for federal elections, there is every probability that a favorable response is induced or facilitated by the employee's fear of incurring displeasure or hope of winning favor with the employer. Nor need that conclusion be left to inference, for examination of the actual donations by the employees proves that to be the case:

B. The Evidence that Employee Contributions are Not Genuinely Free and Voluntary. Six major findings from our survey of corporate PAC donations all buttress the conclusion that, far from being free and voluntary, the employees are responding to corporations' requests for political contributions because of the employment relationship rather than to facilitate their private political interests and predilections:

1. Employees are responding with contributions entirely beyond normal political giving. All eleven corporations exhibit average employee contributions levels entirely beyond normal political contributions. The national average annual personal contribution to a wide variety of political candidates and causes both liberal and conservative is $16.[11/] By contrast, the average

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11/ August 23, 1979 telephone conversation with Tom Matthews of Craver, Smith & Matthews, 1701 North Ft. Myer Drive, Suite 602, Arlington, Virginia 22209, fundraising specialist for over 100 political causes and candidates. See also T. Gavin, "The New Right: A Director Mail Money Machine," Denver Post, May 7, 1978, citing a $15 average contribution to the conservative Committee for Survival of a Free Congress.

itemized contribution by mid-level managerial and professional employees to the top corporate PACs ranges from $116 to $338 and the average top executive contribution is even higher.

2. Substantial PAC donations are given to candidates from the political party other than the chosen party of the employee contributor to [illegible]. Most employee contributors are adherents of one of the major parties, but all the PACs contribute to candidates of both parties. Indeed, the PACs of Dart Industries, Eaton, Amoco, United Technologies, Union Camp, General Motors, Union Oil and International Paper all contributed from 72% - 92% of their 1978 funds to Republican candidates. A Democrat's donation to an employer fund used to support Republicans illuminates the less than free and voluntary character of corporate PAC donations. Of course, the same conclusion applies equally where (as in the case of Winn-Dixie) most of the PAC money is given to Democrats, but contributing employees include Republicans. All the corporate PACs divide their giving between candidates of the two parties, and it is unclear why a member of either party would view such distribution of his money in furtherance of his own political views and desires. The clear conclusion is that the employee is responding to the employer's expressed needs and desires, not his own political predilections.

3. Most of the employees' donations are used for federal campaign contributions in other states. The corporations collect the majority of their PAC funds in a limited number of states, but this money is never used in those states in proportions even close to the amounts raised. The solicited employees are in effect giving large sums of money to finance campaigns in other states in which they have no personal contact or interest.

4. Employees are not permitted to designate, either by party or candidate, the recipients of their PAC donations. At Dart,

Winn-Dixie, Amoco, Eaton, Grumman, Union Oil, Union Camp and United Technologies, the determination of the recipients of PAC campaign contributions is made solely by the corporations, not by the employee contributors to the PAC. Employee donations are thus plainly payments to support the political interests of the corporation, not expressions of a personal interest or preference. Only GE, GM and International Paper permit contributors to designate specific candidates. As a result 21% of General Electric's employee contributors earmarked a part of their contributions, but they earmarked funds constituting only 17% of the total itemized PAC receipts. At GM only 3% designate, accounting for 1% of itemized receipts to PAC. At International Paper 7% of employees earmarked, but the percentage they earmarked was only 2% of the total itemized receipts.

5. Few employees decline to respond to the PAC solicitation. The disclosed rate of response to corporate PAC solicitations is 70% or higher among the employees solicited.[12/] For instance, 70% of the managerial employees solicited at the various plant locations of Eaton Corporation responded with contributions, and 70% of the employees solicited by General Electric made a contribution. Among the identified officers and corporate vice-presidents, Winn-Dixie and Dart show 95% and 80% participation rates. By contrast, solicitations directed at the public for political causes or candidates generally show only a response rate of 3%.[13/] In 1976 only 38% of all taxpayers even designated their $1.00 free contribution to the Presidential Campaign Fund. 1976 Statistics of Income, Individual

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12/ Relevant to the high participation rate is the targeting of groups of employees for solicitation. Corporate PACs do not solicit all eligible employees, nor do they solicit all employees on an equal basis. Eaton Corporation, as an example, targets "Incentive Compensation Managers."

13/ August 23, 1979 telephone conversation with Tom Matthews of Craver, Smith & Matthews and August 15, 1979 telephone conversation with Jeff Byron of National Committee for an Effective Congress, 505 C St., N.E., Washington, D.C. See also N. Kotz, "King Midas of the New Right." Atlantic, November, 1978, p. 59.

Income Tax Returns, IRS Publication #79 (4-79), Washington, D.C., 1979, Table 1.8. Corporate employee PAC participation rates with 70% and more obviously far exceed normal voluntary political contributions to advance personal political predilections.

6. The corporations are regimenting and orchestrating the amounts of employee "voluntary" donations. This is particularly clear at General Electric, Eaton, Winn-Dixie, United Technologies, Union Oil, Amoco, Union Camp, and Grumman. Employees not only respond to corporate solicitations but generally do so in amounts predetermined by the corporation. In the case of mid-level managerial and professional employees, contributions tend to cluster around the average donation. In the case of Grumman Corporation, 70% of all the itemized contributors gave exactly $104; one can picture the supervisors' sales pitch: "You can certainly afford $2 a week to help your company." Moreover, all employee PAC contributors using payroll deduction plans at Union Camp, Eaton, and Amoco, had their deductions raised above the usual level in selected months in the year; their "donation" amounts then returned to the regular level in the following month -- clear evidence of orchestration and regimentation by the corporations.

The total pattern of solicitations and contributions to corporate PACs clearly demonstrates the absence of free choice giving. The employees' response to corporate PAC solicitations plainly reflects not free choice but the employment relationship. While the eleven corporations vary somewhat in their methods of operation a company-by-company analysis shows that all of them manifest almost all of the separate indicia of nonvoluntariness:[14/]

DART INDUSTRIES manifests the less than free and voluntary character of employee responses to the company's political

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14/ The documentation for the following individual company summaries appears *infra* in the Appendix of Corroborating Materials.

solicitations in several salient respects: 1) Dart solicits unprotected career employees. 2) There is no provision made to protect the anonymity of non-contributors. 3) Dart concentrates its fundraising efforts on officers and corporate vice-presidents, and 4) they are subject to direct personal solicitation by supervisors including Justin Dart, Chief Executive Officer of the Company. 5) Executive level personnel of Dart make a remarkable average annual political contribution to the PAC of $691, and many of them contribute in excess of $1,000. 6) Although contributing employees include both Democrats and Republicans, 92% of the total PAC contributions in 1978 from employee donations were given by Dart's PAC to Republican candidates. 7) Most of the PAC contributions go outside the state of origin: 69% of the itemized PAC receipts came from employees in California, Florida, New Jersey and New York, but only 22% of the PAC contributions went to candidates in those states. 8) Contributors to the PAC are not permitted to designate, either by party or by candidate, the recipients of their contributions. 9) No less than 95% of the publicly identified officers and corporate vice-presidents make PAC contributions.

EATON manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Eaton solicits unprotected career employees. 2) There is no provision made to protect the anonymity of non-contributors. 3) 88% of the itemized contributors to the Eaton PAC are employees holding mid-level managerial or professional positions, and their contributions constitute 71% of the funds received by the PAC. 4) Eaton relies on person-to-person solicitation by immediate supervisors. 5) The average annual contribution by Eaton's mid-level managerial and professional employees is $209, and for executive level personnel the average is $620. 6) Although contributing employees include both Democrats and Republicans, 90%

permits contributors to earmark donations, but the overwhelming majority of contributors do not do so (see supra, p. 21). 9) GE has targeted a select group of mid-level managers and professionals for solicitation, and achieved a 70% response rate from those individuals. 10) The Company orchestrates employee payments: all employees donating are giving similar amounts and fall within a narrow range around the average.

GENERAL MOTORS manifests the less than free and voluntary character of employee response to the company's solicitations in several salient respects: 1) General Motors solicits unprotected career employees. 2) General Motors provides anonymity to contributors and non-contributors, but the names of those giving over $100 and some of those giving less are reported publicly at the FEC. 3) 95% of the itemized contributors are mid-level managerial and professional employees, who contributed 84% of the itemized receipts in 1978. 4) There is no known prohibition on solicitation of subordinate employees by supervisors or other superiors and the corporation relies on person-to-person solicitation for its political funds. 5) The average annual contribution for mid-level managers and professionals is $152, and executive-level personnel contributed an average of $600. 6) Although contributing employees include both Democrats and Republicans, 72% of the PAC's political contributions were given to Republican candidates. 7) 83% of the itemized receipts to the PAC were obtained from employees in Michigan, Ohio, Indiana and New York, while only 30% of the PAC's donations were applied in these states in contributions to federal candidates. 8) Although participating employees are permitted to earmark their donations, only 3% chose to do so and their earmarked contributions accounted for only 1% of itemized receipts to the PAC. 9) It is not possible to determine from the public record the participation rate of employees contributing to the PAC.

10) There is company regimentation: most contributors to the PAC give in similar amounts falling within a narrow range of contribution levels.

GRUMMAN manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Grumman solicits unprotected career employees for PAC donations which will buy political support for "Grumman's plans and projects" (see supra, p. 16, n. 8), and 2) makes no provision to protect the anonymity of non-contributors or of contribution amounts. 3) 75% of the itemized contributors are mid-level managerial and professional employees, (the majority of Grumman PAC's receipts are unitemized), and they contributed 51% of the itemized contributions. 4) There is no known restriction on solicitation by supervisors or superiors. 5) The average annual contribution for mid-level managers and professionasl is $116, while executive-level personnel contributed an average of $468. 6) Although most employees are either Democrats or Republicans, as a corporation reliant on Government contracts Grumman attempts to maximize its political influence by splitting the employees' PAC donations evenly between Democrats and Republicans. 7) 98% of the itemized PAC receipts were obtained in California, Florida, New York and Virginia, but only 54% of the PAC money went to candidates in those states. 8) Employees are not permitted to designate, either by party or candidate, the recipients of their money. 9) There is no information available concerning contribution rates for Grumman employees. 10) The PAC reports reveal clear orchestration of the amounts of employee PAC contributions: 70% of the annual itemized contributions were exactly $104.

INTERNATIONAL PAPER manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) International Paper solicits unprotected career employees. 2) Contributions to the PAC

are theoretically held in confidence, but the payroll department and the Secretary-Treasurer have access to the identity of contributors and the amounts given. 3) While 40% of the itemized contributors to the PAC are not identified as required by the Federal Election Campaign Act, of the contributors properly identified 43% hold mid-level managerial and professional positions and their donations constituted 40% of the itemized contributions. 4) International Paper does not permit direct solicitation by immediate supervisors of subordinate employees, but does not restrict person-to-person solicitation. 5) The average annual contribution for employees in mid-level managerial and professional positions is $157, while executive-level personnel contributed on the average $355. 6) Though the employees include both Democrats and Republicans, 72% of the PAC contributions were given to Republicans. 7) 65% of the itemized donations were obtained from employees in Alabama, Louisiana, New York and Texas, while only 16% of PAC contributions went to candidates in those states. 8) While International Paper employees can earmark their contributions, only 7% of the contributors did so to any extent and they earmarked in total only 2% of the itemized PAC receipts. 9) Employee participation rates cannot be determined from the public record or other available information. 10) The public record does not reveal whether there is regimentation of contributions due to the incompleteness of the FEC reports filed.

STANDARD OIL OF INDIANA (AMOCO) manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) AMOCO solicits unprotected career employees for PAC donations which will "support the petroleum industry" (see supra, p. 16, n. 8), and 2) makes no provision to protect the anonymity of non-contributors or contribution amounts. 3) 78% of the PAC funds are secured from mid-level managerial and professional employees. 4) Amoco does not prohibit immediate supervisors or other superiors from soliciting subordinate

employees and solicitation extends to production foremen and supervisors. 5) Mid-level managerial and professional employees make an average annual contribution of $194, while executive-level personnel give an average of $513. 6) Although contributing employees include both Democrats and Republicans, 79% of the PAC contributions were given to Republican candidates. 7) 71% of the PAC's itemized donations were received from employees in Illinois, Indiana, Louisiana and Texas, but only 21% of PAC contributions went to candidates in those states. 8) Employees have no control over the disposition of PAC funds, and are not permitted to earmark their donations. 9) It is not possible to determine from the public record the proportion of solicited employees who respond to solicitation. 10) The Corporation orchestrates the amount of the contributions to the PAC, as evidenced by the raising of the payroll deduction for all participating employees in the same amount and at the same time -- 25% during March of 1978.

UNION CAMP manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Union Camp solicits unprotected career employees to contribute to a PAC to support candidates helpful on "issues affecting the company" (see *supra*, p. 16, n. 8), and 2) makes no provisions to protect the anonymity of non-contributors or of contribution amounts. 3) It obtains 73% of its PAC money from mid-level managers and professionals. 4) Information is not available concerning any restrictions on solicitations by supervisors, or by the person-to-person method. 5) Mid-level and professional employees annually give an average of $153, while executive-level personnel give an average of $221. 6) Though donating employees include both Democrats and Republicans, 72% of the PAC funds were given to Republican candidates. 7) 79% of the PAC funds came from employees in Alabama, Georgia, Virginia and New Jersey, but only 37% was contributed by the PAC to candidates in those states. 8) Employees are not permitted to earmark their

contributions. 9) While public information is not available to determine the employee participation rate, the high incidence of certain specific job titles indicates that selected groups are targeted for solicitation and do respond -- two specific job titles (General Manager, and Manager of Manufacturing) constituted approximately 20% of the contributors in the mid-level managerial and professional categories. 10) Regimentation is practiced: all employee contributors using the payroll deduction plan had their monthly PAC donation doubled in July of 1978.

UNION OIL manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Union Oil solicits unprotected career employees, and 2) makes no provision to protect the anonymity of non-contributors or of contribution amounts. 3) Union Oil secures 64% of its political money from department-level managers. 4) Information is not available concerning any restrictions on solicitations by supervisors. 5) The average contribution from department level managers is $185 a year. 6) Though donating employees include both Democrats and Republicans, 86% of the PAC funds were given to Republican candidates. 7) Contributors in California are the primary source of PAC receipts -- donating 69% of the funds -- but candidates in California received only 13% of the contributions made by the PAC. 8) Employees are not permitted to designate, either by party or candidate, the recipients of their money. 9) The employee participation rate is not possible to determine from publicly disclosed records. 10) Orchestration is practiced: most participants from the mid-managerial and professional levels gave in similar amounts within a narrow range around the average.

UNITED TECHNOLOGIES manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) United Technologies operates a PAC to support candidates helpful to the industry in which the company operates (see *supra*, n. 8) and for that purpose it

solicits unprotected career employees, and 3) makes no provision for protecting the anonymity of non-contributors or of contribution amounts. 3) Some 61% of the itemized contributors are mid-level managers and professionals. 4) United Technologies does not restrict solicitation by supervisors or other employees. 5) The average annual contribution for mid-level managerial and professional employees is $241, while the publicly identified officers and corporate vice-presidents made contributions averaging $1,071. 6) Though the employees include both Democrats and Republicans, 78% of the PAC contributions were given to Republicans. 7) 89% of the itemized PAC receipts were obtained from employees in California, Connecticut, Indiana and Washington, D.C., but only 13% was contributed by the PAC to candidates in those states. 8) Contributing employees are not permitted to designate, either by party or candidate, the recipients of their money. 9) The overall participation rate for United Technologies employees is 11%, but the largest single bloc of contributors -- publicly identified executives and corporate officers -- responded to the PAC policitation with a 95% participation rate. 10) There is company orchestration: most of the contributors give in similar amounts, or within a narrow range of amounts.

WINN-DIXIE manifests the less than free and voluntary character of employee responses to the company's political solicitations in several salient respects: 1) Winn-Dixie solicits unprotected career employees, and 2) makes no provision to protect the anonymity of non-contributors or contribution amounts. 3) It concentrates its fund-raising efforts on upper-level managerial employees. 4) Information is not available concerning any restrictions on solicitations by supervisors, or by the person-to-person method. 5) The average annual contribution for publicly identified executive level personnel was a whopping $2,657. 6) Though contributing

employees include Republicans, Winn-Dixie contributed sixty-eight percent of its employees' PAC donations to Democratic candidates. 7) 96% of the itemized donations to the PAC were obtained from employees in Alabama, Florida, Louisiana and North Carolina, but only 23% of the PAC contributions went to candidates in those states. 8) Employees are not permitted to designate, either by party or candidate, the recipients of their donations. 9) 80% of the publicly disclosed officers and corporate vice-presidents made PAC contributions. 10) While there is not an obvious general pattern in contributions levels, in 1978 only two donors among the publicly disclosed officers and corporate vice-presidents gave less than $1,000 to the PAC.

* * * * *

C. The Governing Authorities. The foregoing record leaves no possible room for a conclusion that the corporate PACs are operating with employee contributions that are genuinely free and voluntary political donations. On the contrary, the employees are clearly responding to the employer solicitations as a result of the employment relationship. The applicable law buttresses the data, and compels the conclusion that the contributions are not free and voluntary political donations thus violating the statute's guarantee of voluntariness and also its ban on corporate elections contributions.

The professional employee's livelihood and advancement are dependent on maintaining the good regard of the employer. This is particularly true of the mid-level employee who hopes to rise on the corporate ladder, for the employer has power to advance him quickly or not at all; the relationship is one of unequals, with the employer entirely dominant.[15/] Thus, the employer's solicitation of the employee cannot be viewed in the same manner as if he were soliciting fellow club members, neighbors, or even his corporate stockholders, and the employee's response to the request for "voluntary" financial donation to a company political fund is inherently suspect. Because of the unequal relationship, special principles of law come into play requiring close examination of any claim that the servant has voluntarily responded to the master's request. It is crucial whether the employee-donor has been unduly influenced;

15/ For executive and administrative employees the consequences of disfavor can be severe. They do not enjoy the protections of a collective bargaining agreement, especially protections regarding just cause for termination, nor do they have the protections the courts have conferred on public employees in the exercise of political rights.

whether his donation was intended as a gift or pure contribution without consideration; and whether it was made in hope of economic benefit.

The possibility of undue influence arises wherever there is an unequal relationship -- such as that between employer and employee or creditor-debtor, or where there are other close dependent relationships (parent-child, aged person and friend, etc.)[16/] As stated in Faulkner v. Beatty, 327 P.2d 41 at 43 (Cal., 1958):

> "The fact that the parties stand in such position toward one another, either by reason of relationship, professional employment or otherwise, that the grantor is particularly susceptible to exertion of influence by the grantee, is a consideration of primary importance."

Where there is such unequal relationship, any purported transfer without consideration triggers close scrutiny, and there is a shift of the ordinary presumption: because of the relationship, any gift is presumptively void until the donee proves by clear evidence that it is truly a gift.[17/] The standard was cogently expressed by the New Jersey Supreme Court in Elmira College, 234A2d at 84, in its examination of a purported gift of an art collection by an older woman after active solicitation by the donee:

> "Whenever it appears that the relationship between the parties to an inter vivos gift are of such a character that in reasonable probability they do not deal with each other in terms of equality...in such a situation the donee must show by explicit and convincing evidence that the donor intended to make a gift...(I)f the judicial mind is left in doubt or uncertainty, then the donee has failed its burden and the claim of gift must be rejected."

16/ Howard v. Howe, 61 F.2d 577 (7th Cir., 1932)(employer-employee); Geddes v. Anaconda Copper, 254 U.S. 590 (1921)(director-corporation); Burdick v. Wittich, 116 P.2d 90 (Calif., 1941)(debtor-creditor); Towson v. Moore, 173 U.S. 17 (1899)(parent-child); Elmira College v. Fidelity Union Trust Co., 234 A.2d 65 (N.J., 1967); Frowen v. Blank, 363 A.2d 1267 (Penn., 1976); Faulkner v. Beatty, 327 P.2d 41 (Calif., 1958)(aged persons).

17/ Towson v. Moore, supra; Geddes v. Anaconda Copper, supra ftnt 16; Burdick v. Wittich, supra ftnt 16; Ostertag v. Donovan, 331 P.2d 355, anno. 70 ALR 2d 583 (N. Mex., 1958); Amado v. Aquirre, 161 P.2d 117 (Ariz., 1945).

The same principles apply when it is asserted that a payment qualifies as a gift for tax law purposes. There the presence of any expectation of benefit will defeat the necessary free and voluntary character of a donation. As the Tax Court states it (see In Re Lillian Pascarelli, 55 T.C. 1082, 1090 (1971) aff'd. 485 F.2d 681), "When a transfer is made with the expectation of an economic benefit flowing to the transferor then no gift has been made." The Supreme Court emphasized in Commissioner v. Duberstein, 363 U.S. 278, 285 (1960) that if a payment proceeds "from 'the incentive of anticipated benefit' of an economic nature...it is not a gift." There must be absence "of any expectation of future benefit" (Bogardus v. Commissioner, 302 U.S. 34, 43 (1937)). Even a remote and speculative possibility of return benefit defeats the claim of gift. See Singer Co. v. United States, 449 F.2d 413 (Ct. Cl. 1971).

The governing principle -- which puts a heavy burden of proof on the recipient of a donation from a party over whom he is in a position of dominance or influence -- is dispositive on the question here presented. We may assume, arguendo, that a corporation could sometimes show that a professional employee's payment to the corporate PAC is voluntary, but the methods by which the corporate PACs are now operating utterly repel such a conclusion, and the PAC contributions data is even more dispositive. As concerns methodology, the corporations are targeting their PAC solicitations on highly vulnerable mid-level career employees with solicitations which make clear that political help for the company will result from the PAC donations. The employees are not even afforded anonymity as concerns their choice whether to respond to the solicitation, and

there is the further implicit or explicit coercion of person-to-person solicitations (even by supervisors and by high company officials).[18/]

And the PAC contributions data further disproves free giving, for it is entirely inconsistent with normal political behavior. All the corporate PACs are splitting their donations between parties, thus giving substantial monies to candidates of a party opposed to that of the individual employee donor, and most of the PAC money goes out of the state where it was collected from the employees. In addition, the amounts of individual donations are quite beyond normal political giving and the proportion of those who give ranges as high as 70% and 90% -- unparalleled levels of "voluntary" political activism.

The totality of this and other evidence we have reviewed proves that corporate PAC payments by career employees reflect not personal choice but the fact of the employment relationship. Under these circumstances there is no possibility that corporations could meet their heavy burden to prove that it is the employee's free will rather than his dependent position which induces the response to corporate PAC solicitations. Both crucial elements of the governing voluntariness requirement laid down by the Supreme Court in Pipefitters are thus met: the payments "are effectively assessed, that is, solicited in circumstances inherently coercive," and they are not genuinely "free choice donations" (407 U.S. at p. 413-414).

18/ Some PACs notify their oft-solicited executive and administrative employees of their right not to contribute, free of reprisal. But it is loss of good regard which enhances promotion opportunity, rather than fear of penalization, which is the chief moving factor inducing employee donations. Moreover, as the Supreme Court recently noted, it is necessary to examine all the circumstances to determine if an act is voluntary or the product of duress or coercion, either express or implied. Schneckloth v. Bustamonte, 412 U.S. 218 (1973). As the Court noted in Miranda v. U.S., 384 U.S. 436, 469-70, a disclaimer delivered by those in the position of dominance cannot assure the individual's right to remain free. See also NLRB v. Beatrice Foods, 183 F.2d 726 (10th Cir., 1950); Chauffeurs, Teamsters & Helpers v. NLRB, 509 F.2d 490 (D.C. 1974).

III. IF THE CORPORATE POLITICAL ACTION COMMITTEES' CHALLENGED OPERATIONS ARE PERMISSIBLE, THEN THE STATUTE'S BAN ON UNION CONTRIBUTIONS TO FEDERAL ELECTIONS IS DISCRIMINATORY AND VIOLATES THE CONSTITUTION

We have shown in the previous analysis that the voluntariness requirements of the federal law are being violated by the operations of the corporate Political Action Committees. If our presentation on that score should be rejected, there would arise for resolution a serious constitutional question concerning the validity of Section 441b(a) of the statute, which forbids corporations and unions to make contributions to any federal election campaign. For if the back door contribution remains available to corporations, whose economic leverage over employees enables them through "voluntary" employee donations to contribute to federal election campaigns, then the corporate PAC contribution is in effect a corporation contribution and the ban on corporate and union contributions becomes plainly one-sided and discriminatory.

Corporations have enormous power over career employees. The employee generally has no contractual job protection, and in addition depends for advancement entirely upon corporate good will. That ever-present reality permits the corporation to obtain from employees substantial support for the corporation's political interests through contributions to the PAC, which then turn the contributions over to Congressional candidates. Even in the case of an employee more than willing and eager to contribute to the company PAC there is always present the fact that his contribution can buy corporate good will for advancement in career and pay. But for the employment relationship, it is obvious that the employee donor would not be contributing to the corporate Political Action Committee.

Unions have no comparable economic power over thousands of career employees for building massive political treasure chests. Unions must depend for nearly all of their PAC resources upon contributions by their regular members typically averaging a dollar a year not $200 or $300 and more, as is the case with corporate PAC contributions. 19/

Under these circumstances, if Congress has permitted the operation of corporate Political Action Committees from contributions by career employees -- and particularly if such contributions are permitted without absolute assurance from the circumstances of the contribution and its amount and destination that it is entirely a free choice donation -- then Section 441b(a) of the statute violates the Fifth Amendment's due process guarantee because it discriminates against unions in favor of corporations. Under that interpretation corporations are given a back door means to continue making contributions to federal election campaigns not from stockholders' contributions (which would parallel union member contributions to a Union PAC), but from payments by their own corporation employees which clearly derive from the fact of the employment relationship.

Thus, if this Commission permits the operation of corporate Political Action Committees to continue under the conditions demonstrated in our submission, there would result a discrimination against labor unions rendering unlawful the statute's ban on union contributions to federal election campaigns. This consideration

19/ While unions do obtain PAC contributions from some of their own employees (who are union members), they do not have numbers of professional employees capable of making substantial PAC contributions in any way comparable to corporations. Thus, whereas all of the 17 million dollars raised by corporate PACs in 1978 came from professional employees -- and among the top corporate PACs 73% gave more than $100 -- of total union PAC funds raised in 1977-78 only 4% (aggregating less than 800 thousand dollars) was in contributions over $100. Thus, just three years after the 1975 Sun PAC ruling unleashed the corporate PAC syndrome, corporations already achieved a twenty to one advantage over unions in PAC funds contributed by their professional employees.

must be added to the other compelling considerations we have previously set forth in this complaint, to support the conclusion that corporate Political Action Committees are operating in violation of federal law.

IV. THE STATUTE'S PROVISION AUTHORIZING THE FINANCING OF THE COSTS OF CORPORATE PAC OPERATIONS FROM COMPANY ASSETS VIOLATES THE CONSTITUTIONAL RIGHTS OF STOCKHOLDERS

In this submission we have demonstrated that corporate Political Action Committee campaign contributions are based on employee donations which are not truly free and voluntary, as required by federal law. The donations, we have shown, are not an expression of individual political choice and predilection but arise from the employment relationship. But if our showing in that respect should be rejected and employee donations to corporate PACs were deemed completely free choice acts, there would arise another serious constitutional question: whether the financing of the costs of PAC operations from corporate assets, as authorized by 2 U.S.C. §441b(2)(C), violates the constitutional rights of stockholders.

If, as Congress appears to have intended,[20/] a corporate PAC is a means of facilitating political activism by employees, then it is unclear why a stockholder should bear the costs of political operations which do not meet his own political interests and desires. Stockholders of the eleven publicly held corporations whose PAC operations we have analyzed include supporters of both major political parties as well as independents. For instance, the complaining stockholders before this Commission are registered Democrats. Yet the bulk of the corporate PAC donations of the corporations go to Republican candidates. Moreover, even where some of the corporate PAC money is donated to Democrats, complainants and other corporate stockholders are not necessarily interested in the support of those particular candidates.

20/ See, e.g. remarks by Congressman Moore, 122 Cong.Rec. H.2539 (daily ed. March 30, 1976).

Thus, when Congress approves the use of the stockholders' assets to meet the operating costs of corporate PACs it authorizes the involuntary use of a citizen's assets for the support of political candidates whom he may not wish to support and may actually oppose. Established constitutional principles bar such compulsory political exactions under sanction of law.[21/]

The principle of freedom from compelled political tribute has been recognized and applied in a series of noted Supreme Court cases beginning with Street. See Machinists v. Street, 367 U.S. 740; Elrod v. Burns, 427 U.S. 347; Abood v. Detroit Board of Education, 431 U.S. 209. In Street, in order to avoid a First Amendment issue which would otherwise have arisen (id. at 740), the Court construed the Railway Labor Act to bar the compulsory exaction of employees' union dues for political purposes. As emphasized by the concurring opinion of Justice Douglas (at p. 776) where the facts of life compel a person to associate with others, the individual "should be allowed to enter the group with his own flag flying whether it be religious, political or philosophical... and he should not be required to finance the promotion of causes with which he disagrees."

There is no better reason to compel corporate stockholders to finance a political contributions operation than there was to require employees to do so in Street or recently in Elrod and in Abood. Preservation of freedom of political abstention is equally required

21/ See Railway Employees v. Hanson, 351 U.S. 225, 232; cf. Street, supra. It should be noted that Congress has not only authorized compulsory use of stockholders' assets for political purposes the stockholder may not support, but the fact that corporations do use stockholder assets to operate employee PACs results from Congressional action which closed the front door and then the side door for corporate elections donations, and thus forced corporations to use the back door of employee PAC solicitations (see supra, p. 10). When corporate action both derives from Congressional action and is sanctioned by federal law, then constitutional limitations clearly apply. See supra, p. 11.

when, under 2 U.S.C. Section 441b(a)(C), stockholder assets are used by a corporation for the political purpose of funding solicitations for a PAC fund used to make political contributions. Indeed, when it comes to stockholders' assets used for politics, the applicable rule is foreshadowed by the emphasis of Justice White's opinion (dissenting on other grounds) in First National Bank v. Bellotti, 435 U.S. 765, 805:

> "Of course, it may be assumed that corporate investors are united by a desire to make money, for the value of their investment to increase. Since even communications which have no purpose other than that of enriching the communicator have some First Amendment protection, activities such as advertising and other communications integrally related to the operation of the corporation's business may be viewed as a means of furthering the desires of individual shareholders. This unanimity of purpose breaks down, however, when corporations make expenditures or undertake activities designed to influence the opinion or votes of the general public on political and social issues that have no material connection with or effect upon their business, property, or assets. Although it is arguable that corporations make such expenditures because their managers believe that it is in the corporations' economic interest to do so, there is no basis whatsoever for concluding that these views are expressive of the heterogeneous beliefs of their shareholders whose convictions on many political issues are undoubtedly shaped by considerations other than a desire to endorse any electoral or ideological cause which would tend to increase the value of a particular corporate investment. This is particularly true where, as in this case, whatever the belief of the corporate managers may be, they have not been able to demonstrate that the issue involved has any material connection with the corporate business. Thus when a profitmaking corporation contributes to a political candidate this does not further the self-expression or self-fulfillment of its shareholders in the way that expenditures from them as individuals would."

In sum, the funding of the operations costs of corporate Political Action Committees from company assets violates the First Amendment rights of stockholders.[22/] This provides yet another reason

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22/ Nor can the compelled political use of stockholder assets for the costs of corporate PACs be dismissed as de minimis, for when it comes to compelled political exactions the de minimis principle is inapplicable. See Seay v. McDonnell Douglas Corp., 427 F.2d 996, 1004. In any event, the costs of corporate PAC operations being funded from the stockholders' assets appears to be substantial. One major corporation has confessed to spending $7 of company assets to raise $5 of employee contributions to its PAC. See testimony of Atlantic Richfield Corp. before the FEC, June 10, 1976.

why this Commission should find unlawful the corporate PAC operations here challenged as illegal.

CONCLUSION

For the reasons we have set forth it is urged that the corporate Political Action Committee operations, including those of the eleven named corporations, violate federal law and that appropriate remedial relief should be awarded by the Commission after investigation.

We the undersigned Complainants submit the foregoing Complaint. We are not candidates for federal office nor is the Complaint filed at the request of or on behalf of any candidate.

Respectfully submitted,

International Association of
Machinists & Aerospace Workers
1300 Connecticut Avenue, N.W.
Washington, D.C. 20036 857-2200

William Winpisinger, President IAM
(same address)

Union Complainants

Anne S. Morrison
5327 28th Street, N.W.
Washington, D.C. 20015 686-1212

Alan B. Morrison
5327 28th Street, N.W.
Washington, D.C. 20015 686-1212

Eugene Glover, Trustee of Pension Plan
for Grand Lodge Officers and Employees
1300 Connecticut Avenue, N.W.
Washington, D.C. 20036 857-2200

Stockholder Complainants

Judy Reardon
Address 130 N. Carolina Ave. S.E.. Wash. D.C 20003
Phone No. 543-5997

Name Rebecca J. Ward
Address 1735 Lake Street #4
Phone No. (415) 752-3962

Citizen Complainants

VERIFICATION

I, William Winpisinger, being first duly sworn do assert that the foregoing Complaint is true.

William Winpisinger

Subscribed and sworn to before me
this 4th day of ~~September~~ OCTOBER, 1979.

James H. Thomas, Jr. [SEAL]
Notary Public

My Commission expires:
1-1-84

VERIFICATION

I, Alan Morrison, being first duly sworn do assert that the foregoing Complaint is true.

Alan B Morrison
Alan Morrison

Subscribed and sworn to before me
this 4th day of ~~September~~ OCTOBER, 1979.

James H. Thomas, Jr. [SEAL]
Notary Public, D.C.

My Commission expires: 1-1-84

VERIFICATION

I, Judy Reardon, being first duly sworn, do assert on information and belief that the foregoing Complaint is true.

Judy A. Reardon

Subscribed and sworn to before me
this 27th day of September, 1979.

Eva N. Bothwell [SEAL]
Notary Public

My Commission expires: July 31, 1983

APPENDIX OF CORROBORATING MATERIALS

DART INDUSTRIES

1. DART SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, Former law professor, associate with MAC Associates, Washington, D.C.

2 DART MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: There is no indication that Dart makes any provision in the administration of its PAC to protect the anonymity of contributors or non-contributors.

3. DART CONCENTRATES ITS FUNDRAISING EFFORTS ON OFFICERS AND CORPORATE VICE-PRESIDENTS: This information was obtained from 1978 Dart disclosure reports filed with the FEC.

Aggregate	No.	% tot. contributors	Amt. of Contrib.	% tot. amt.	Average Contribution
Exec. level	123	55%	$ 85034.00	80%	$ 691
Breakdown by executive occupational level					
Chm. of Bd., corp. pres.	17	8%	$ 29850.00	28%	$1755
Div. Pres. & Exec. VP	57	25%	$ 43549.00	41%	$ 764
VP	49	22%	$ 11635.00	11%	$ 237

4. DART RELIES ON PERSON-TO-PERSON SOLICITATION OF ITS EMPLOYEES AND DOES NOT PROHIBIT SOLICITATION BY IMMEDIATE SUPERVISORS: Employees are subject to direct personal solicitation from Justin Dart, Chief Executive Officer, and from immediate supervisors. Individuals not contributing to the PAC are contacted by Dart himself and if they "don't give, they get a sell." (See Wall Street Journal, 8/15/78)

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS IN AMOUNTS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Dart disclosure reports filed with the FEC.

Occupat'l. Category	No.	% total contributers	Amount of Contribution	% tot. amount	Average Contribution
Exec. level	123	55%	$ 85034.00	80%	$ 691
Mid-lev. mgrs & profs.	88	39%	$ 12130.00	11%	$ 138
Lower level	7	3%	$ 1825.00	2%	$ 261
Unclassified	7	3%	$ 6750.00	6%	$ 964

DART INDUSTRIES CONT'D.

6. ALTHOUGH MANY CONTRIBUTORS TO THE PAC ARE DEMOCRATS THE VAST PREPONDERANCE OF CORPORATE PAC MONIES GOES TO REPUBLICAN CANDIDATES.

Breakdown of Dart's contributors to federal candidates by House and Senate: (Information taken from FEC "D" Index)

House	No. Supported	% tot. cand.	Amt. of Contribution	% tot. contrib.
Democrats	5	16%	$ 7700.00	16%
Republicans	35	84%	$41250.00	84%
Senate				
Democrats	2	3%	$ 2150.00	3%
Republicans	23	97%	$72031.00	97%
Total				
Democrats	7	11%	$ 9850.00	8%
Republicans	58	89%	$113281.00	92%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 Dart disclosure reports filed with the FEC and the FEC "D" Index.

4 state aggregate

69% of the itemized receipts were obtained from employees in CA, FL, NJ and NY
22% of PAC federal disbursements went to races in these states.

State	Amt. Rec'd.	% tot. amt.	Amount Contributed	% tot. amt.
AL	$ 200.00	.2%	$ 150.00	.1%
AK	-	-	$ 1000.00	.8%
AZ	$ 4850.00	4%	$ 500.00	.4%
AR	$ 100.00	1%	$ 1500.00	1%
CA	$39719.00	32%	$17000.00	14%
CO	-	-	$ 6000.00	5%
CT	$ 4200.00	3%	$ 500.00	.4%
DE	-	-	$ 1759.00	1%
FL	$24950.00	24%	-	-
GA	$ 750.00	.6%	-	-
ID	$ 300.00	.3%	-	-
IL	$ 325.00	.3%	$ 3000.00	2%
IN	$ 100.00	.1%	-	-
IA	$ 125.00	.1%	$ 3509.00	3%
KS	-	-	$ 1000.00	.8%
KY	$ 500.00	.5%	-	-
LA	$ 250.00	.2%	-	-
ME	$ 500.00	.5%	$ 5009.00	4%
MD	$ 25.00	.02%	-	-
MA	$ 2175.00	2%	-	-
MI	$ 1000.00	1%	$ 5000.00	4%
MN	$ 1400.00	1%	$12009.00	10%
MS	-	-	$ 5009.00	4%
MO	$ 100.00	.1%	-	-
MT	-	-	$ 5009.00	4%
NE	-	-	$ 500.00	.4%
NV	$ 25.00	.02%	-	-

DART INDUSTRIES CONT'D.

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
NH	-	-	$ 509.00	.4%
NJ	$ 7425.00	7%	$ 7000.00	6%
NM	-	-	$ 250.00	.2%
NY	$ 6405.00	6%	$ 2500.00	2%
OH	$ 1000.00	1%	$ 2000.00	2%
PA	$ 575.00	.5%	$ 1000.00	.8%
RI	$ 200.00	.2%	-	-
SC	$ 250.00	.2%	$ 1400.00	1%
TN	$ 275.00	.2%	$ 2000.00	2%
TX	$ 3315.00	3%	$20000.00	16%
VA	$ 25.00	.02%	$ 3009.00	2%
VT	$ 125.00	.1%	-	-
WA	$ 1200.00	1%	$ 2000.00	2%
WV	-	-	$ 4009.00	3%
WI	$ 3200.00	3%	$ 1000.00	.8%
WY	-	-	$ 500.00	.4%
WASH.DC	$ 150.00	.1%	-	-

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: Article IV of the By-Laws of Dart Industries, Inc. PAC states that "no contributions made to DARTPAC shall be accepted when designated by the contributor for a named candidate or party."

9. PARTICIPATION RATE: 95% of the corporate officers and vice-presidents disclosed in the 1978 Standard & Poor's Register participate in the PAC. Information is not available concerning the participation rates of mid-level managers and professionals.

10. THE PUBLIC RECORD DOES NOT INDICATE ANY SPECIFIC PATTERN OF ORCHESTRATION OF EMPLOYEES' DONATIONS.

EATON CORPORATION

1. EATON SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC associates, Washington, D.C.

2. EATON MAKES NO PROVISION TO PROTECT THE ANONYMITY OF THOSE CONTRIBUTORS OR NON-CONTRIBUTORS: Eaton Public Policy Association By-Laws (9/77) make no provision to protect the anonymity of those contributors or non-contributors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: Mid-level managers and professionals constituted 88% of the total itemized contributors to the PAC in 1978 accounting for 71% of the total itemized contributions. (See 1978 Eaton disclosure reports filed with the FEC)

Job titles falling within this occupational classification:

Controller, Administrative
" , Division
" , Asst.
" , Plant
Gen. Mgr, Purchasing
Gen. Mgr.
Div. Mktg. Mgr.
Div. Mgr.
Mgr, Mktg. & Distrib.
" , Product
" , Mftg.
", Benefits
" , Professional Recruiting
" , Special Projects
" , Purchasing Policies
" , Admin.
" , Resources
", Info. Serv.
" , Mktg. Serv,
" , Computer Op.
" , Mktg. Res.
" , Proj. Syst. Dev.
", Planning Int'l.
" , Purchases
" , Syst. Dev.
" , Emp. Rel. & Labor
" , Data Admin.
" , Engineering
" , Factory
" , Plant
" , Production
" , Product Assurance
" , Mftg. Serv.
" , Planning
" , Dev. Admin.
" , Retain Op.
" , Mater. & Scheduling
" , Operations
" , Manufacturing Eng.

Eng., Chief Research
" , Principal
" , Plant
" , Executive
Mgr, Product Eng.
" , Salaried Payroll
" , State and Local Taxes
" , Treasury Serv.
" , Pub. Aff.
" , Sales
" , " - Key Accounts
" , " - Govt. Lease Accts.
" , General Sales
Eng., Chief Industrial
" Chief Project
Principal Eng of Electricity
Div. Mgr. Planning
Dir. Traffic
" Developments
" Audits
" Govt. Relations
" State and Govt. Rel.
" IIA
" Asst., Bus. Dev.
" Advertising Identity
" Planning
" Audio/Visual Comm.
Counsel, Associate
" Associate Patent
Sr. Patent Atty.
Asst. to VP, Acctg.
Mgr., Internal Audits
Mgr., Federal Income Taxes
Marketing Accountant
Parts Coord. Tech. Serv.
Asst. Sec.
Chief Pilot
Special Assignment
Personnel Res. Planning

EATON CORPORATION CONT'D.

Product Program Development
Sr, Int'l. Analyst
Gen Foreman
General Mgr. General Products
Regional Mgr., Fluid Power

General Super.
Consultant
Mgr., Product Control
Unit Mgr.
Finance Director

4. EATON RELIES ON PERSON-TO-PERSON SOLICITATION OF ITS MANAGERS AND DOES NOT PROHIBIT SOLICITATION BY IMMEDIATE SUPERVISORS: There is no prohibition in the Eaton Public Policy Association By-Laws, Oct., 1977, on solicitation of subordinate employees by superiors or other higher-ups. In response to a survey conducted by Tyler Research Associates, Washington, D.C. in April, 1979, Eaton stated that " our face-to-face meetings with our managers were the most effective method of solicitation."

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Eaton disclosure reports filed with the FEC.

Occupat'l. Category	No.	% tot. contributors	Amount of Contribution	% tot. amount	Average Contribution
Exec. level	25	11%	$15488.45	28%	$ 620
Mid-level mgrs & profs.	192	88%	$40070.67	71%	$ 209
Lower level emps.	1	.5%	$ 177.11	.3%	$ 177

6. A SUBSTANTIAL NUMBER OF DONATING EMPLOYEES ARE DEMOCRATS BUT THE VAST PREPONDERANCE OF CORPORATE PAC MONIES IS GIVEN TO REPUBLICAN CANDIDATES.

Breakdown of Eaton's contributions to federal candidates by House and Senate: (Information taken from FEC "D" Index)

House	No.Supported	% tot. cand.	Amount of Contribution	% tot. con
Democrats	15	22%	$ 8550.00	12%
Republicans	53	78%	$63900.00	88%
Senate				
Democrats	2	10%	$ 1500.00	5%
Republicans	19	90%	$27150.00	95%
Total				
Democrats	17	19%	$10050.00	10%
Republicans	72	81%	$90950.00	90%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 Eaton disclosure reports filed with the FEC and the FEC "D" Index.

1 state aggregate:
53% of the itemized receipts were obtained from employees in OH.
8% of PAC federal donations went to races in this state.

4 state aggregate:
76% of the itemized receipts were obtained from employees in KY, MI, NC and OH.
32% of PAC federal donations went to races in these states.

State	Amt. Rec'd.	% tot. amt.	Amount Contributed	% tot. amt.
AL	-	-	$ 2250.00	2%
AR	$ 916.80	2%	$ 3750.00	4%
AZ	-	-	$ 250.00	.2%
CA	-	-	$ 2000.00	2%
CO	-	-	$ 4000.00	4%
GA	-	-	$ 550.00	.5%
IL	$ 2501.06	4%	$ 6100.00	6%
IN	$ 351.25	.6%	$ 2250.00	2%
IA	$ 413.04	.7%	$ 2100.00	2%
KS	-	-	$ 2750.00	3%
KY	$ 2434.69	4%	$ 4000.00	4%
ME	-	-	$ 900.00	.9%
MD	-	-	$ 750.00	.7%
MI	$ 8212.52	15%	$15800.00	16%
MN	$ 934.49	2%	$ 6000.00	6%
MS	-	-	$ 1000.00	1%
MO	-	-	$ 2500.00	2%
MT	$ 151.49	.3%	$ 1500.00	1%
NE	$ 550.51	1%	$ 1500.00	1%
NJ	$ 640.42	1%	$ 1500.00	1%
NM	-	-	$ 500.00	.5%
NY	$ 604.82	1%	$ 2050.00	2%
NC	$ 2405.83	4%	$ 3800.00	4%
OH	$29293.79	53%	$ 7750.00	8%
OK	-	-	$ 1100.00	1%
PA	$ 2535.66	4%	$ 5500.00	5%
SC	-	-	$ 300.00	.3%
SD	-	-	$ 1500.00	1%
TN	$ 1675.76	3%	$ 1700.00	2%
TX	-	-	$ 500.00	.5%
UT	-	-	$ 500.00	.5%
VA	$ 1111.62	2%	$ 4100.00	4%
WA	-	-	$ 1250.00	1%
WV	-	-	$ 2500.00	2%
WI	$ 528.27	.9%	$ 2250.00	2%
INT'l	$ 474.21	.8%	-	-

EATON CORPORATION CONT'D.

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE EITHER BY PARTY OR CANDIDATE THE RECIPIENT OF THEIR DONATIONS: Eaton Corporation Public Policy Association makes no provision in the administration of its PAC for participating employees to earmark their contributions.

9. FEW EMPLOYEES DECLINE TO GIVE TO THE PAC: In response to Takes' Research Associates survey, in April, 1979, Eaton stated that 71% of their targetted "Incentive Compendation Managers" at various plant locations participated in the PAC

10. EATON CONTROLS THE AMOUNT OF EMPLOYEES' VOLUNTARY DONATIONS: Employees at similar occupational levels contribute similar amounts to the PAC and all employees participating in the payroll deduction plan for their political contributions had their deductions raided several times above normal in February, 1978. (See February, 1978 Eaton disclosure report filed with the FEC) 56% of participating employees contributed in amounts between $100-199.

GENERAL ELECTRIC

1. GENERAL ELECTRIC SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. G.E. MAKES NO PROVISION FOR PROTECTING THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: Although Article VI of the Non-Partisan Political Support Committee, Articles of Association as amended November 17, 1976, states"" committee members, solicitors and persons working with the Committee in any capacity shall treat as confidential all information concerning' the political contributions of individuals or their failure to contribute ", the FECA disclosure requirements negate such confidentiality.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: Mid-level managers and professionals constituted 78% of the total itemized contributors to the PAC in 1978 accounting for 56% of the total itemized contributions. (See 1978 G.E. disclosure reports filed with the FEC)
Job titles falling within this occupational category:

Managing Director
Associate Corporate Medical Dir.
Div. Gen. Mgr.
Reg. Mgr.
Div. Mgr.
Gen. Mgr.
" " Mobile Radio Dept.
" " Components Sale Dept.
" " Specialty Marketing
" " Motor & Drives Div.
" " Program
". ". Ordinance
" " Plastics
" " Int'l. App. Serv.
" " Project
" " Incandescent Lamp
" " Lamp Mktg.
" " Aviation Serv.
" " Prod. Qual. Oper.
" " Mktg. Dept.
" " Range Mnfg.
" " Dist. Fin & Serv.
" " Overseas App. Dept.
" " Lamp Comp. Div.
" " Cir. Protect. Div.
" " Gas Turb. Proj. Dept.
" " Turb. Gen. Div.
" " Gas Turb. Int'l.
" " Mech. Appar. Op.
" " Switchgear Bus. Dept.
" " Dom. Loco. Mktg.
" " Dev. & Prod.
" " Adv. Dev. Prog.
" " Locom. Op.

Mgr. Mnftg.
" Mktg.
" Planning Integration
" Finance
" Fed. Adm. Rel. Op.
" Leg. & Exec. Proj.
" Aerospace Strat.
" Bus. & Venture Analy.
" Bus. Dev.
" Lighting Res. and Tech.
" " Finance
" Rel Op.
" Energy Eff. Eng.
" Group Rel.
" " Materials
" " Mftg.
" Nat'l. Adv. & Merch.
" Hot Point Brand
" Prod. Dist. Op.
" Ind. Design Op.
" Group Org. & Manpower
" Customer Brands
" Major Appl. Lab
" Union Rel.
" Emp. Comp. & Ben.
" Corp. Educ. Rel.
" Survey Op.
" Bus, Dev.
" Corp. Comm.
" Fin. Manpower
" Exec. Comp.
" Human Resources Plng.
" Corp. Pub. Info.
" Corp. Fin. Plng. & Analy.

Mgr. Res. Plng & Int'l. Integration
" Pub. Aff.
" Nat'l. Res. & Traffic Op.
" Fixed Inc.
" Strat. Analy. Tech.
" Power Syst. Integ.
" Int'l. Trade Emp. Rel.
" Mktg. Op.
" Corp. Inst. Rel.
" Int'l. Dev.
" Int'l. Econ. Res.
" Prod. Control
" Mktg. & Strat.
" Econ. Res.
" Const. Fin. Div.
" Special Programs
" Group Exec. Manpower'
" Turb/Tech Assess.
" Banking & Corp. Fin.
" Insurance
" Solid State Appl.
" Foreign Fin.
" Fin. & Supp. Serv.
" Electronics Lab
" Aerospace Ind./ Gov. Act.
" Erie Rel.

Mgr. Pwr. Del. Tech. Res.
" Space Sciences
" Personnel Acctg.
" Acctg. Serv. Op.
" Corp. Credit & Coll.
Consultant Exec Manpower Staff
" " Manager
Div. Counsel
Counsel
Atty.
Corp. Aff. Counsel
Int'l. Trading Counsel
Counsel, Gen.
" , Patent
" , Tax
" , Aerospace Group
Mgr. Eng.
" " Operations
Chief Eng. Prod.
Mgr. Eng. & Mnftg Eng.
Nat'l. Science & Eng.
Nat'l. Acctg. Sales
Gen. Mgr. Sales & Serv.
" Eur. Sales Op.
" SE Dealer Sales Op.
" Retail Sales Div.
" Mktg. & Distrib. Sales Op.
" Elec. Util. Exp. Sales
Staff Executive

4. THE ARTICLES OF ASSOCIATION OF THE NON-PARTISAN POLITICAL SUPPORT COMMITTEE PROHIBIT SOLICITATION BY ANY EMPLOYEES' SUPERIOR, BUT PERMIT PERSONAL SOLICITATION: Article VI of the Non-Partisan Political Support Committe, Articles of Association states that, " no employee shall solicit contributions from any other employee who reports to him or is below his level in the Company organization structure. However, in response to a survey conducted in April, 1979, by Tykes' Research Associates, Washington, D.C., GE states that person-to-person solicitation was the most effective method of contact with its employees.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS ENTIRELY BEYON NORMAL POLITICAL GIVING: The following information was obtained from 1978 G.E. disclosure reports filed with the FEC.

Occupat'l. Category	No.	% total contributors	Amount of Contribution	% total amount	Average Contribution
Exec. level	87	22%	$ 44885.00	44%	$ 516
Mid-level mgrs. & prof.s	304	78%	$ 57555.00	56%	$ 189

GENERAL ELECTRIC CONT'D.

6. ALTHOUGH INDIVIDUAL EMPLOYEES ARE USUALLY REGISTERED DEMOCRATS OR REPUBLICANS, AS A CORPORATION RELIANT ON GOVERNMENT CONTRACTS, GE ATTEMPTS TO MAXIMIZE ITS POLITICAL INFLUENCE BY SPLITTING THE PAC DONATIONS EVENLY BETWEEN REPUBLICAN AND DEMOCRATIC CANDIDATES.

Breakdown of G.E.'s contributions to federal candidates by House and Senate: (Information taken from the FEC "D" Index)

House	No. supported	% tot. cand.	Amount of Contrib.	% tot. contrib.
Democrats	127	62%	$ 37075.00	64%
Republicans	77	38%	$ 21160.00	36%
Senate				
Democrats	25	47%	$ 20400.00	39%
Republicans	28	53%	$ 31460.00	61%
Total				
Democrats	152	59%	$ 57475.00	52%
Republicans	105	41%	$ 52620.00	48%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 G.E. disclosure reports filed with the FEC and the FEC "D" Index.

1 state aggregate:
39% of the itemized receipts were obtained from employees in CT.
3% of LAC federal donations went to races in this state.

4 state aggregate:
71% of the itemized receipts were obtained from employees in CT, KY, NY and OH.
11% of LAC federal donations went to races in these states.

State	Am't. Rec'd.	% tot. amt.	Amt. Contributed	% tot. am't.
AL	-	-	$ 4400.00	4%
AK	-	-	$ 2300.00	2%
AZ	-	-	$ 2400.00	2%
AR	-	-	$ 1500.00	1%
CA	$ 3310.00	3%	$ 6200.00	6%
CO	-	-	$ 2730.00	2%
CT	$40375.00	39%	$ 2850.00	3%
DE	-	-	$ 1700.00	1%
FL	$ 350.00	.3%	$ 1050.00	1%
GA	$ 765.00	.7%	$ 700.00	.6%
ID	-	-	$ 900.00	.8%
IL	$ 1375.00	1%	$ 5075.00	5%
IN	$ 3050.00	3%	$ 1150.00	1%
IA	-	-	$ 1100.00	1%
KS	-	-	$ 2725.00	2%
KY	$ 9140.00	9%	$ 1950.00	1%
LA	-	-	$ 3200.00	3%
ME	-	-	$ 2050.00	2%
MD	$ 350.00	.3%	$ 900.00	.8%
MA	$ 3150.00		$ 3775.00	3%
MI	$ 275.00	.3%	$ 6000.00	5%
MN	-	-	$ 5000.00	5%
MO	-	-	$ 1500.00	1%
MS	-	-	$ 3000.00	3%
MT	-	-	$ 1500.00	1%
NE	-	-	$ 1000.00	.9%

GENERAL ELECTRIC CONT'D.

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
NV	-	-	$ 200.00	.2%
NH	-	-	$ 1000.00	.9%
NJ	-	-	$ 3350.00	3%
NM	-	-	$ 2900.00	3%
NY	$14690.00	14%	$ 3885.00	4%
NC	$ 150.00	.1%	$ 2500.00	2%
OH	$ 9400.00	9%	$ 2875.00	3%
OK	-	-	$ 400.00	.4%
OR	-	-	$ 2500.00	2%
PA	$ 7365.00	7%	$ 1900.00	2%
RI	-	-	$ 1200.00	1%
SC	-	-	$ 4100.00	4%
SD	-	-	$ 1200.00	1%
TN	$ 650.00	.6%	$ 2850.00	3%
TX	$ 650.00	.6%	$ 5800.00	5%
UT	-	-	$ 300.00	.3%
VA	$ 2200.00	2%	$ 1550.00	1%
VT	$ 100.00	.1%	$ 100.00	.1%
WA	-	-	$ 1350.00	1%
WV	-	-	$ 1800.00	2%
WI	$ 725.00	.7%	$ 600.00	.5%
WY	-	-	$ 1080.00	1%
WASH., DC	$ 1600.00	2%	-	-
INT'L.	$ 2770.00	3%	-	-

8. GE PERMITS CONTRIBUTORS TO EARMARK DONATIONS, BUT THE OVERWHELMING MAJORITY OF CONTRIBUTORS DO NOT DO SO:
99 (25%) of the itemized contributors earmark their donations.
$18000.00 (18%) of the itemized contributions to the PAC are earmarked.
[13% of total PAC (1977) expenditures.]

List of Earmarkers:

Fritz Heimann
Gerhard Neumann
Robt. W. Barrie
Douglas S. Moore
John C. Dwyer
Carl Schemmer
Wm. C. Mackey
Eugene A. Harris
Spiridon N. Suciu
Daniel C. Kyker, Jr.
James T. Hughes
Charles Reed
H. David Culley
Ralph Medros
John W. Thurlow
Thos. K. Edenfeld
Morris A. Zipkin
Marc J. D'Arcangelo
Louis E. Bret
L. Arthur Adinolfi
James R. Donnelley
Norman H. Schnell
Charles T. Hall
Edward M. Foley
Phillips S. Leter
Robt. J. Gerardi
Stanley C. Gault
Wm. J. Gartin
Allan Rayfield
Wm. L. Gifford
Wm. B. Frogue
Raymond F. Letts
Robt. Overholtzer
Don Grant
Louis V. Tomasetti
Jack Hope
James E. Worsham
Donald R. Lester
Fred O. MacFee
William A. Anders
James R. Walz
John D. Evans
Fred Wellner
Will M. Quinn, Jr.

GENERAL ELECTRIC CONT'D.

Richard B. Falk
Walter L. Robb
Richard B. Smith
Charles H. Holley
Warren F. Kindt
Michael C. Finn
Bernard L. Koff
John C. Little
W. George Krall
Paul J. Teich
Lucas L. Hart, Jr.
Thos. D. Lenci
A. Lawrence Buckley
Kenneth Farmer
Theodore Chessler
Irving L. Griffin
Richard O. Donegan
Richard A. Hatch
Thos. H. Lee
Robt. J. Canning
Russell Whitmyer
John Flowers
Charles Lake
Thos. Hilbert
Raymond Schlewk
Alan J, MacDonald
Christopher Kastner
Brian Rowe
Thos H. Fitzgerald
Don L. Sorenson
Edward Woll
Wm. R. Fenoglio
James J. Costello
Robt J. Haughton
David W. Burke
Donald M. Hull
Terence E. McClary
Harold T. Hokanson
Marion S. Richardson
Vincent A. Johnson
Arthur M. Bueche
John B. Clarke
Robt. E. Fowler
Wm. B. Leithauser
Chas. R. Lynch
Orville R. Benner
Donald W. Cameron
Stephen K. Galpin
Herbert J. Kindl
Alfred Zavist
Ladislaus Warzecha
Eugene Apple
Chas. W. George
Lester Dettman
Joan S. Black

9. PARTICIPATION RATES: In response to Tykes' Research Associates survey, April, 1979, G.E. stated that 70% of its top managerial and professional employees participate in the PAC. 78% of the chief corporate officers disclosed in the 1978 Standard & Poor's Register participate in the PAC.

10. GE CONTROLS THE AMOUNT OF EMPLOYEES' VOLUNTARY DONATIONS: 61% of the PAC's itemized contributors holding mid-level managerial and professional positions contributed in amounts within the range of $150-300. 37% of the itemized contributors in this category contributed in amounts below this range and 3% contributed in amounts above the range.

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GENERAL MOTORS CORPORATION

1. GM SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employee; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. GM MAKES LIMITED PROVISIONS TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: As reported by Tykes Research Associates, Washington, D.C., all contributions to General Motors are sent directly to a trustee and not to the corporation. However, General Motors does not restrict person-to-person solicitation of subordinates by immediate supervisors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: 95% of GM PAC's political money comes from mid-level managers and professionals; their contributions accounted for 84% of the itemized contributions to the PAC.

Job titles falling within this occupational classification:

Personnel & PR
Quality Control
Personnel & Admin.
Program, Detroit Diesel Allison Div.
Purch. & Prod. Control
Exec. Dir. Res. Lab
Bus. Rel. Motor Ins.
Gen. Dir. Central Office
Fleet & Gov't Sales
Legal Economics, Staff
Gen, Dir. Parts Oper.
" Prod. Eng.
Warren Cons, Packard Electric
Ass't Dir. Personnel
Distribution, Chevrolet
Field Dir. GM Parts
Exed. Dir. Labor Rel.
Salaried Personnel, Pontiac Div.
Field Oper. Parts Div.
Dir. GM Acceptance Corp.
Nat'l Fleet, Olds.
Mat. & Prod. Control
Dir. GM Photographic Div.
Prod. Cont. Olds.
Auto Emission, Env. Activities
Dir. Corp. Prod & Plng
Gen Time Sharing Info Serv.
Sales Coord, Overseas
Purch Prod. Control
PR Delco-Remy
Cost & Factory Acctg.
Reg. Dir. Chev. Div.
Asst Dir. Finan. Staff
Info, Syst. & Comm.
Asst. Dir. Fed. Taxes
Replacement Sales
Plnt. Eng. & Spark Plug Div.
Dealer Org. Marketing Staff
Eng., Resources
Org & Anal. Sales Staff
Admin & Spec. Proj.
Pub. Rel, Electro-Motive Div.
Reliability, Buick Div.
Research & Eng
Asst Dir. Plnt Security
Plnt Env.
Foundry Govt. Rel
Mftg. Serv
Oper. Anal. Frigidair Div
Acctg Res.
Industrial Hygiene
Car Distribution Buick
Asst Dir Prod. Assurance
Purchases, Cadillac Div.
Exec. Dir Procurement/Prod. Control
Editorial Writing PR Staff
Syst. Dev. Central Office
Gen Dir. Pub. Rel & Adv
Forward Plng, Hyatt Div.
Civic Involvement Program, Central Off.
Quality Assurance, Diesel Equip.
Tech Dir.
Admin DD & O, GMAC Div
Personnel Dev, Cadillac Div.
Gen Dir GMOLC Acctg Cent. Off
Dir Sales Anal/Distrib.
Service Section, GM Div.
Dealer Org. & Dev
Forward Plng & Facilities
Emp. Ben. Plans Admin.
Marketing Staff Oper.
Home Econ. Frigidaire
Energy/Reliability
Personnel, Frigidaire

GENERAL MOTORS CONT'D.

Data Dev. GM
Exec. Compensation Records
Med. Dir. GM Parts Div.
" Fisher Body Div.
" GM Assembly Div
" Chev. Metal Coating
" Central Foundry Div.
" GMAC
" Pontiac Div.
Mgr. AC Spark Plug Div.
" Works
" GM Photographic
" Prod, Test & Eval.
" Asst. Zone
" Purch Guide Div.
" Parts Mktg.
" Nat'l Dealer Org
" Chart & Display
" Prod. GM Assembly
" Eng & Reliability
" Diesel Equip.
" Facilities Design & Woord.
" Reliability Audit
" Axle, Spring & Forge, Buick
" Delco A/C Unit
" Serv. Legislative Corp.
" Part Sales
" Reg.
" Group Belling Account
" Toxic Mat. Control
" Mftg. Guide div.
" Western Reg
" Plnt Eng. & Construction
" Price Anal.
" Eastern Reg
" Delco Electronics Div
" Staff Oper. Env. Activities
" Policies & Procedures
" Media Rel.
Plant Manager, Chev, Div
" GMAD
" Delco Remy
" GM Assembly
" Fisher Body Div.
" Final Assemb. Plants
" Electro-Motive
" Frigidaire
" Central Foundry Div.
" AC Spark Plug Div.
" Radiator Div.
" Eng. Plnt. Mgr.
" Pressed Metal Div.
" Guide Div.
Dept. Res. Eng.

Mat Control & Purch
Medical Dir. Milwaukee Div.
Mgr. GMAC Div.
" Chev, Sales Div.
" Nat'l. Accounts Sales
" Zone
" Control Branch
" General
" Field Programs
" Staff Oper.
" Battery Marketing
" Overseas Branch Oper.
" Prod. Fisher Body Div.
" Mat. & Mftg. Div.
" Reg. Cadillac
" Proj. Overseas Oper.
" Gen Sales
" Purch. Admin
" Truck Centers GM.
" Manpower Research
" Trans Plant Buick Motor
" Automotive Sales
" Advertising
" Control Branch
" Dealer Serv
" Asst. Gen Sales Admin.
" Real Estate Mftg.
" Parts Supply
" Shows & Exhibits
" Pacific Reg. Truck & Coach Div.
" Sales Promotion
" Computer Syst.
" Nat'l. Markets Central
" Industrial Hygiene Lab
" Econ Studies & Pass Car
" Distrib. & Fleet Sales
" Steering Gear Div.
" Budgets & Cost Control
" Gen. New Departure
Hd. Electr. Eng.
Staff Eng
Ch. Eng.
Sr, Staff Eng.
Asst Ch. Eng.
Industrial Eng.
Resident Prod. Eng.
Dept. Research Eng.
Supt. Eng.
Product Eng
Sales Eng.
Asst. Staff Eng.
Standards Eng.
Gen Supt. Eng.
Dir. Eng. Programs

GENERAL MOTORS CORPORATION CONT'D.

Exec. Asst. to VP Eng.
Staff Eng. Detroit Diesel
Chief Eng. Truck Div.
Supt of Mftg, Engineering
Supt., Gen Dteroit Diesel
" Plant
Gen Supt. Product Control
Gen. Supt. Design
Div. Comprtroller
Resident Compt.
Asst. Compt.
Div. Auditor
Asst. Dept. Head, Research Labs
Head, Estimating Dept.
Asst. Dept. Head
Gen Purchasing Agent
Asst. Gen Counsel
Patent Atty
Chief Metallurgist,
Plant Physician
Editor
Chief, Product Reliability
Chief, Syst. Analysis
Master Mechanic
Area Financial Coord
Chief Inspector

Mgr. Current Prod. Eng.
Asst. Chief Process Eng.
Trans/Axle Staff Eng.
Mgr. Syst. Eng.
Supt. Mortgage & Construction
Supt. Mftg. Olds
Supt. Work Standards
Supt. Electro-Motive Div.
Asst. Treasurer
Gen Dir. Compt. Staff
Gen Auditor
Head, Plnt Eng. & Construction Div.
Library Dept. Head
Dept. Hd, Computer Science
Hd, Plastics Mftg
Staff Research Scientist
Dept. Research Scientist
Atty in Charge
Exec. in charge of Communications
E " Serv. Parts Oper/
General Administrator
Chief, Int'l. Aero
Exec. Asst. to VP
Div. Mfg. Coordinator
Sr. Economist
Group Chief Designer

(This information was obtained from 1978 General Motors disclosure reports filed with the FEC.)

4. GM DOES NOT RESTRICT PERSON-TO-PERSON SOLICITATION OF SUBORDINATES BY IMMEDIATE SUPERVISORS: There is no known prohibition on solicitation of subordinate employees by supervisors or other superiors; the corporation relies on person-to-person solicitation for its political funds.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS IN AMOUNTS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 GM disclosure reports filed with the FEC.

Occupat'l. Category	No.	% total contributors	Amount of Contribution	% total amount	Average Contribution
Exec. level	34	4%	$ 20399.00	16%	$ 600
Mid-level mgrs. & profs.	716	95%	$108625.00	84%	$ 152
Lower level	1	.1%	$ 50.00	.04%	$ 50
Unclassified	2	.3%	$ 200.00	.1%	$ 100

GENERAL MOTORS CONT'D.

6. ALTHOUGH MANY CONTRIBUTORS TO THE PAC ARE DEMOCRATS, THE VAST PREPONDERANCE OF CORPORATE PAC MONIES GOES TO REPUBLICAN CANDIDATES.

Breakdown of GM's contributions to federal candidates by House and Senate. (This information taken from FEC "D" Index)

House	No. Supported	% tot. cand.	Amt. of Contrib.	% tot. contrib.
Democrats	6[illegible]	41%	$ 19825.00	32%
Republicans	9[illegible]	59%	$ 42[illegible]50.00	68%
Senate				
Democrats	12	30%	$ 11500.00	24%
Republicans	28	70%	$ 36600.00	76%
Total				
Democrats	73	39%	$ 31325.00	28%
Republicans	123	61%	$ 78650.00	72%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR CAMPAIGNS IN OTHER STATES: This information was compiled from 1973 G. disclosure reports filed with the FEC and FEC "D" Index.

4 state aggregate
83% of the itemized receipts were obtained from employees in MI, OH, IN and NY
30% of PAC federal donations were spent on races in these states.

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
AL	$ 200.00	.2%	$ 4200.00	4[illegible]
AK	-	-	$ 1000.00	1%
AZ	$ 200.00	.2%	$ 1600.00	1%
AR	$ 100.00	.1%	$ 700.00	.6%
CA	$ 2535.00	2%	$ 4000.00	4%
CO	$ 300.00	.2%	$ 1200.00	1%
CT	$ 150.00	.1%	$ 200.00	.2%
DE	-	-	$ 1000.00	1%
FL	$ 545.00	.4%	$ 400.00	.4%
GA	$ 1575.00	1%	$ 850.00	.8%
ID	-	-	$ 2100.00	2%
IL	$ 5385.00	4%	$ 6525.00	5%
IN	$13463.00	10[illegible]	$ 1475.00	1%
IA	$ 100.00	.1%	$ 1500.00	1%
KS	$ 475.00	.4%	$ 1000.00	1%
KY	$ 200.00	.2%	$ [illegible]	.8%
LA	$ 400.00	.3%	$ 4125.00	4%
ME	-	-	$ 1100.00	1[illegible]
MD	$ 300.00	.2%	$ 1000.00	1%
MA	$ 400.00	.3%	$ 1200.00	1%
MI	$75377.00	58%	$23[illegible]50.00	22%
MN	$ 400.00	.3%	$ 4100.00	4%
MS	-	-	$ 1300.00	1%
MO	$ 500.00	.4%	$ 1600.00	1%
MT	-	-	$ 1000.00	1%
NE	-	-	$ 1000.00	1%
NV	-	-	$ 200.00	.2%

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GENERAL MOTORS CONT'D.

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
AR	-	-	$ 700.00	.6%
NJ	$ 1055.00	.8%	$ 2530.00	2%
NM	-	-	$ 1000.00	1%
NY	$ 6774.00	5%	$ 2850.00	2%
NC	$ 210.00	.2%	$ 1000.00	1%
ND	-	-	$ 200.00	.2%
OH	$12 [illegible].00	10%	$ 5300.00	5%
OK	$ 400.00	.3%	$ 1200.00	1%
OR	-	-	$ 1000.00	1%
PA	$ 550.00	.4%	$ 2900.00	3%
RI	-	-	$ 200.00	.2%
SC	$ 25.00	.01%	$ 2500.00	2%
SD	-	-	$ 1800.00	2%
TN	$ 100.00	.1%	$ 2700.00	2%
TX	$ 1425.00	1%	$ 5000.00	5%
UT	-	-	$ 600.00	.6%
VA	$ 350.00	.3%	$ 1300.00	1%
WA	$ 200.00	.1%	$ 1800.00	1%
WV	-	-	$ 3100.00	3%
WI	$ 1350.00	1%	$ 500.00	.5%
WY	-	-	$ 1100.00	1%
WASH, DC	$ 250.00	.2%	-	-
INT'L	$ 200.00	.2%	-	-
UNKNOWN	$ 275.00	.2%	-	-

8. EMPLOYEES ARE PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: 24 (3%) of the total itemized contributors to the PAC earmarked their contributions. These contributions accounted for $1780 (1%) of the total itemized PAC receipts.

List of Earmarkers

Loyl R. Thomas	Christ Drakopoulos	Herbert Leitz
William A. Frye	Anthony DeLorenzo	William B. Winters
Garrett H. Street	Carl E. Blaize	Thomas E. Darnton
James B. Stuart, Jr.	Lee L. Turner	Russell Hughes
Herbert K. Bates	Noah D. Harper	George C. Davis
E.H. Ryan	James R. Hebden	Loven Tapenguth
James L. Logan	Edward L. Schreitmueller	Frank J. Wolf
R.C. Wilson	Robert L. Albinson	Morris Berg

9. PARTICIPATION RATES: The participation rate of employees contributing to GM's PAC cannot be determined from the public record.

10. GM CONTROLS THE AMOUNT OF EMPLOYEES' "VOLUNTARY" DONATIONS: 75% of participating employees' contributions fell within a range of $100-300. (This information was obtained from 1978 GM disclosure reports filed with the FEC.)

GRUMMAN CORPORATION

1. GRUMMAN SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 6/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate with MAC Associates, Washington, D.C.

2. GRUMMAN MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: Grumman PAC By-Laws, as amended through Nov. 2, 1977, make no provision for protecting the anonymity of contributors or non-contributors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS Mid-level managers and professionals constituted 75% of the total itemized contributors to the PAC in 1978 accounting for 51% of the total itemized PAC receipts. (See 1978 Grumman disclosure reports filed with the FEC)
Job titles falling within this occupational classification:

Secy. & Dir. of Personnel
Dir. Commercial Syst.
" Design Eng.
Deputy Dir.
" Dep. Software Syst/
Director
Dir. Intelligence
" Representative
" Mat. Mgmt.
" Space Prog. Op. Wash.
" Prog. Mgmt.
" Dep. Airforce Requirement
" Med. Dpt.
" EF 111A Prog.
" Asst. Advance Concepts
" Dep. Bus. Oper.
" Prog. Mgmt.
Program Director
Dir. Bus. Mgmt. Admin.
Dep. Gen Mgr.
Mgr. Special Proj.
" Syst. Ev.'
" mat.
Manager
Manager, Asst.
" ET ILS Prog.
" Quality Control
" Resources
" Army Requirements
" A6 Flight Test
" Flight Test
" Program
Contract Management
Program Mgr. A/C
Proj. Engineer
Project Leader, RF Support Eng.
Engineer
" Electro/Optical Supt.
" Sr. Liason
" Senior
" Group Specialist
" Sup. RF & VL Equip.
" RF Equip. Design
" Specialist
" Group Leader
" Metallurgical
" Prelim. Design
" Management Admin.
" Principal
" Support Supv.
" Liason, Tech, Op.
analyst
Chemist
Tech Specialist
Contributions Administrator'
Sr. Contract Admin.
Crew Syst. Equip. Integration
Tech. Staff Asst. Sr.
Supt. & Control
Special Staff Asst.
Asst. to Corp. Officer
Designer
Tech. Editor
Inhouse Liaser
Press & Investor Relations
PLR Projection Captain

GRUMMAN CORPORATION CONT'D.

4. SOLICITATION OF SUBORDINATES BY IMMEDIATE SUPERVISORS: Grumman PAC By-Laws do not restrict solicitation by supervisors or other higher-ups of subordinate employees. (See Grumman PAC By-Laws as amended through 11/77).

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Grumman disclosure reports filed with the FEC :

Occupat'l. Category	No.	% total contributors	Amount of Contribution	% total amount	Average Contribution
Exec. level	24	15%	$ 11232.20	41%	$ 468
Mid-level mgrs. & profs.	121	75%	$ 14040.00	51%	$ 116
Lower level	13	8%	$ 1565.00	6%	$ 120
Unclassified	2	1%	$ 400.00	1%	$ 200

6. ALTHOUGH INDIVIDUAL EMPLOYEES ARE USUALLY DEMOCRATS OR REPUBLICANS, AS A CORPORATION RELIANT ON GOVERNMENT CONTRACTS, GRUMMAN ATTEMPTS TO MAXIMIZE ITS POLITICAL INFLUENCE BY SPLITTING ITS PAC DONATIONS EVENLY BETWEEN DEMOCRATS AND REPUBLICANS.

Breakdown of Grumman's contributions to federal candidates by House and Senate: (Information taken from 1978 FEC "D" Index)

House	No. Supported	% tot. cand.	Amount of Contribution	% tot. co
Democrats	31	57%	$ 30200.00	59%
Republicans	23	43%	$ 20900.00	41%
Senate				
Democrats	3	43%	$ 8000.00	31%
Republicans	4	57%	$ 17500.00	69%
Total				
Democrats	34	56%	$ 38200.00	50%
Republicans	27	44%	$ 38400.00	50%

GRUMMAN CORPORATION CONT'D.

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from the 1978 Grumman disclosure reports filed with the FEC and the FEC "D" Index.

4 state aggregate:
98% of the itemized receipts were obtained from employees in CA, FL, NY and VA. 54% of PAC federal donations went to races in these states.

State	Amount Rec'd.	% tot. amt.	Amount Contributed	% tot. amt.
AL	-	-	$ 2500.00	3%
CA	$ 416.00	2%	$ 3000.00	4%
FL	$ 306.00	1%	$ 3000.00	4%
GA	$ 208.00	.8%	$ 7400.00	10%
MD	$ 208.00	.8%	$ 750.00	1%
MI	-	-	$ 1500.00	2%
MO	-	-	$ 500.00	.7%
NC	$ 106.00	.4%	-	-
NJ	$ 130.00	.5%	$ 500.00	.7%
NY	$24455.20	90%	$31050.00	41%
OH	-	-	$ 1100.00	1%
PA	-	-	$ 800.00	1%
SC	-	-	$ 6500.00	8%
TN	-	-	$ 5000.00	7%
TX	-	-	$ 9500.00	12%
VA	$ 1408.00	5%	$ 3500.00	5%

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: Grumman PAC By-Laws (as amended through 11/77) make no provision in the administration of the PAC for participating employees to earmark their contributions.

9. PARTICIPATION RATES: There is no information available concerning participation rates of PAC contributors.

10. GRUMMAN CONTROLS THE AMOUNT OF EMPLOYEES' "VOLUNTARY" DONATIONS: The 1978 Grumman PAC disclosure reports filed with the FEC show a remarkable level of orchestration in employee contributions. According to these reports, 70% of the total itemized contributors gave exactly $104. (79% of Grumman's total receipts are unitemized.)

INTERNATIONAL PAPER

1. INTERNATIONAL PAPER SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees ; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. CONTRIBUTIONS TO THE PAC ARE THEORETICALLY HELD IN CONFIDENCE: The Voluntary Contributors for Better Government Program Plan & Guidelines states that "if an employee returns his Enrollment Card directly to his Better Government Spokesman, the Spokesman is prohibited from discussing the employee's decision with anyone." However, the Enrollment Card must "be turned in to the Payroll Department which will arrange the withholding and to the Secretary-Treasurer of the program who will file reports as required by law." This latter provision negates any anonymity a contributor or non-contributor may hope to secure.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: While 40% of the itemized contributors are not properly identified as required by the Federal Election Campaign Act, of these properly identified, 43% hold mid-level managerial and professional positions.

Job titles falling within this occupational classification:

Dir. Eng. & Construction
Staff Forester, Tree
Mgr. Project Mngmt.
Gen. Mgr.
Mgr. Forest Products
" Tech. & Admin.
Dept. Supvr. Shipping
Mgr. Forest Ind.
Supvr. Mgmt. Dev.
Area Supvr. Electricity
Oper. Supv.
Cousel-Woodlands Rd. Op.
Dir. Mftg. Serv.
Sales Mgr.
Wood Prod. Op.
Supvr. Timberlands
" Maintenance & Engineeting
" Pulp
" Production
" Wood Products
" Fiber Plng.
" Wood Accounting
" Maintenance
" Retail
" District
" Mech. Maintenance
" AR
Counsel
Mgr. Branch
" AB Valoren TZ
" Forest Res. Allocation
" Prod. Plng.
" Purchase Storage
" Prod. Reprod.
" Trans.Serv.

Mgr. Landowner Assn.
Res. Scientist
Sr. Design Eng.
Branch Mgr.
Gen. Mgr. Plant
Sr. Internal Audit
Legislative Associate
Wash. Corp. Affairs Rep.
Corp. Affairs Rep.
Res/For. Gen, Trde
Mgr. Production
" Territory, Sr.
" Employee Relations
" Plant
" Product
" " , Plywood
" Mill
" Mnftg.
" Woodlands/GV
" Sales
" Construction
" Nat'l. Accounts
" Nat'l. Distribution
" Int'l. Res. Dev.
" Marketing
" Wood Products
" Strategic Analysis
" Dev. Tech.
" Op. Plng.
" Community Programs
" Fin/Admin. Serv.
" Creative Mktg.
" Tech. Serv. Lab'
" Credit
Gen Mgr. US Cont. Div.

INTERNATIONAL PAPER CONT'D.

Supv. Env. Serv.
Proj. Eng.
Dir. Fin. Serv. DAVOL
Counsel Specialty Purch.
Gen. Mgr. F C & I Div.
Mgr. Trans. Serv.
Counsel Wood Prod.
" Sci. & Tech.

Sr. Proj. Forester
Supv. Mech/Maint.
Sr. Ind. Eng.
Asst. Treas., Credit & Cust. Serv.
Coord. Pub. Affairs
Dir. Bus. Strat. & Eval.
Proj. Mgr. PACO

(This information was obtained from 1978 International Paper disclosure reports filed with the FEC.)

4. INTERNATIONAL PAPER DOES NOT PERMIT DIRECT SOLICITATION OF SUBORDINATE EMPLOYEES BY IMMEDIATE SUPERVISORS, BUT DOES NOT RESTRICT PERSON-TO-PERSON SOLICITATION: The Voluntary Contributors for Better Government Program Plans and Guidelines state that "no superior should solicit a subordinate". However, the Plans and Guidelines do not restrict person - to - person solicitation of employees.

5. EMPLOYEES' "VOLUNTARY" DONATIONS FAR EXCEED NORMAL POLITICAL GIVING: The following information was obtained from 1978 International Paper disclosure reports filed with the FEC.

Occupat'l Category	No.	% tot. contributors	Amount of Contribution	% tot. Amt.	Average Contribution
Exec. Level	33	10%	$ 11719.10	22%	$ 355
Mid-level mgrs. & prof.	131	43%	$ 20548.38	40%	$ 157
Lower level	18	6%	$ 2356.57	4%	$ 131
Unclassified	121	40%	$ 16759.74	33%	$ 139

INTERNATIONAL PAPER CONT'D.

6. A SUBSTANTIAL NUMBER OF DONATING EMPLOYEES ARE DEMOCRATS BUT THE VAST PREPONDERANCE OF CORPORATE PAC MONIES IS GIVEN TO REPUBLICAN CANDIDATES.

Breakdown of International Paper's contributions to federal candidates in House and Senate. (Information taken from FEC "D" Index)

House	No. Supported	% tot. cand.	Amount of Cont.	% tot. contrib.
Democrats	61	41%	$ 37366.00	31%
Republicans	87	59%	$ 82994.00	69%
Senate				
Democrats	13	39%	$ 12050.00	21%
Republicans	20	61%	$ 46075.00	79%
Total				
Democrats	74	41%	$ 49416.00	28%
Republicans	107	59%	$129069.00	72%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 International Paper disclosure reports filed with the FEC and the FEC "D" Index.

4 state aggregate
65% of the itemized receipts were obtained from contributors in AL, LA, NY and TX. 16% of PAC federal donations were spent on races in these states,.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
AL	$ 7485.18	14%	$ 2328.00	1%
AK	-	-	$ 3500.00	2%
AR	$ 1741.86	3%	$ 8750.00	5%
CA	$ 1387.17	3%	$ 5250.00	3%
CO	$ 233.20	.5%	$ 5800.00	3%
CT	-	-	$ 2000.00	1%
FL	-	-	$ 4900.00	3%
GA	$ 668.77	1%	$ 4200.00	2%
ID	-	-	$ 1500.00	.8%
IL	$ 436.51	.8%	$10576.00	6%
IN	-	-	$ 1700.00	1%

INTERNATIONAL PAPER CONT'D.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978 CONT'D.

State	Amt. Rec'd.	% tot. amt.	Amt/ Contrib.	% tot. amt.
IA	-	-	$ 2000.00	1%
KS	$ 277.09	.5%	$ 3000.00	2%
KY	-	-	$ 750.00	.4%
LA	$ 1853.78	4%	$ 7918.00	4%
ME	$ 108.79	.2%	$ 7540.00	4%
MD	$ 102.87	.2%	$ 2000.00	1%
MA	-	-	$ 3900.00	2%
MI	$ 760.96	1%	$ 9300.00	5%
MN	$ 379.41	.7%	$ 8250.00	5%
MS	$ 1292.71	3%	$ 8600.00	5%
MO	-	-	$ 2000.00	1%
NE	-	-	$ 2000.00	1%
NH	$ 259.55	.5%	-	-
NJ	$ 101.75	.2%	$ 350.00	.2%
NM	-	-	$ 100.00	.06%
NY	$16221.86	32%	$ 6150.00	3%
NV	-	-	$ 500.00	.3%
NC	$ 358.68	.7%	$ 3100.00	2%
OH	$ 235.91	.5%	$ 3900.00	2%
OK	$ 1110.67	2%	$ 2123.00	1%
OR	$ 881.27	2%	$ 2600.00	1%
PA	$ 298.97	.6%	$ 4000.00	2%
RI	$ 977.91	2%	$ 500.00	.3%
SC	$ 821.44	2%	$ 9150.00	5%
SD	-	-	$ 2600.00	1%
TN	$ 477.29	1%	$10100.00	6%
TX	$ 7671.05	15%	$14125.00	8%
VA	-	-	$ 3000.00	2%
WA	$ 1059.36	2%	$ 6175.00	3%
WI	$ 221.75	.4%	$ 1250.00	.7%
WY	-	-	$ 1000.00	.6%
WASH.DC	$ 1012.69	2%	-	-
UNKNOWN	$ 2944.44	6%	-	-

8. EMPLOYEES ARE PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: While International Paper employees can earmark their contributions, only 7% of the contributors asctually did so to some extent, and they earmarked only .5% of the total PAC expenditures. ($1179.14 earmarked by itemized contributors constituted 2% of the total itemized contributions to the PAC.)

List of Earmarkers

E.W. Carney	Robert Dahlquist	R.C. Troisi
M.G. Meisner	Jerry Williams	Leo Trautman
Chas. Schretzman	Wm. J. Russell, Jr.	Wm. R. McClung
D.J. Whitton	Joan Mokray	Warren Jorgensen
John R. McDowell	W.D. Lambert	Warren Wirtz
Neal Klingingsmith	Philip Cunningham	Sam Scott
Edward Collins	J. Stanford Smith	William Hutton
Ralph Alfonso		

INTERNATIONAL PAPER CONT'D.

9. PARTICIPATION RATE: The participation rates of contributing employees cannot be determined from the public record.

10. ORCHESTRATION OF "VOLUNTARY" DONATIONS: The public record does not reveal any level of orchestration of employees' contributions due to the incompleteness of International Paper's disclosure reports filed with the FEC.

STANDARD OIL OF INDIANA (AMOCO)

1. AMOCO SOLICITS UNPROTECTED CABLE EMPLOYEES: Employee contracts for white-collar or managerial employees are rare; 5/4/79 telephone conversation with Jeff Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. AMOCO MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: The program guidelines (published 3/1979) of Amoco's PAC maintain that a "basic policy of confidentiality will be followed." The guidelines, however, also state that "Standard employees involved in administering the program, such as the Treasurer (who receives contributions) and the Personnel Records Center (which, of course, would be aware of payroll deductions), will have access to such information." This latter provision negates any confidentiality a contributor or non-contributor may hope to secure.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: 87% of Amoco PAC's contributors are mid-level amangers and professionals. These individuals' contributions account for 78% of the total itemized contributions to the PAC. (This information was obtained from 1978 Amoco PAC disclosure reports filed with the FEC.)

Job titles falling within this occupational classification:

Gen. Mgr. Gas Project
" Prod. Merch.
" Oper. Plng.
" Fund Inv/Rel
" Emp. Rel.
" Gov. Affairs
" Supply Plng.
" Inf. Serv & Mgmt.
Mgr. Purch. Mkts & Spec. Purch.
" Finl. Contr.
" Oper. Pirln.
" Process Design
" Bldg Mag & Shpt.
Terr. Mgr. #1
Dist. Mgr.
Refinery Mgr.
Mgr. Capital Inv.
Area Mgr. Asphalt
Sr. Terr. Mgr.
Dist. Mgr. Resle/Job Atl.
Mgr. Field Distrib.
" Jbr. Rel & Mdl
Gen Mgr. Supply
Asst. Gen Mgr. Pat. & Lic.
Gen. Mgr. Chem Supply
" Mftg. Polyl.Olefins
Reg. Emp. Rel. Mgr.
Reg. Prod. Mgr.
Div. Expl. Mgr.
Reg. Adm. Mgr/
Mgr. Rel. Coord.
Div. Prod. Mgr.
Adm. Mgr.
Reg. Adm. & Econ Mgr.
Va & Reg. Mgr.
Mgr. Proc. Oper.
Expl. Mgr. Frontier
Mgr. Am. Mftg.
Mgr. Field Distrib.
Mgr. Data Proc.
" Advert. & Merch.
" Light Oils
" Purchasing
" Util & Env.
" Maint. Serv.
" Oil Movement
" Transportation Plng.
" # 2 Term
" Pesticides
" Amoco Motor Club
" Training
" Mak. Opn.
" Rep. Coord.
" Information Serv.
" Asphalt
" Fertilizer
" Turnaround & Const.
" Traffic
" Crude Oil Supply
" Processing
" Strategic Plng
Sr. Staff Emp. Rel.
Area Mgr. Fin. Plng.
Mgr. Statements and Reports
" Supply Plng & Econ.
" Gas Regulatory Stud.
" Data Base Admón.
" Syst, Dev.

AMOCO CONT'D.

Mgr. Prop. Ins. Prog.
" Educ. Dev.
Manager
Office Manager
Mgr. Prog & Serv.
" Planning
" Projects and Services
" Acctg. Serv
" Utilities
" Allocation
" Geophysical Tech. Proj.
" Marine Personnel
Dir. Proc & Catalyst
Stf. Dir. Hvy Oil & Spec. Proc.
Stf. Dir. Mktg.
Dir. Merit Employment
" Real Estate
" Pub & Gov. Affairs
" Opns Res. Mktg.
" Corp. Social Policy
" State Affairs
" Plng. Syst.
" Fin Eval. & anal.
" External Rept. & Pol.
" Minority Enter,
" Res. Serv.
" Chems Feed Stock
Tech. Dir. Dec Plnt.
Mgr. Dir. NV Acc
Dir. Op&T Results Mngt
Supv. Syst. Anal.
Group Supv. Comp. Syst.
Supv. Cntl Rp&F Am Etna
" Schedule & Cntl.
Tech. Supv. Data Telecom
Sect Supv. Des. & Imp.
Supv. Media Rel.
" Pub. & Gov. Affairs
" Syst. Anal.
Dist. Supt.
Div. Oper. Supt.
Div. Purch. Supt.
Ref. Adm. Serv. Supv.
Reg. Computer Supv.
Div Fac Supt.
Reg. Unit Ization Supt.
Div. Drilling Supt. #2
Proj. Supv. #1
Supv. Cntl Or&Regbls
Supt. Oper. Ome&Sch
Supv. #2
Supt Env. Contrl & Sfty
Supt. Oil Mvmnt Econ & Sched.
Supt. Proc. Trng

Gen Maint. Supv.
Exploration Supt.
Refinery Mgr.
Staff Pub. affairs Advisor
Sr. Pub. Aff. Res. Anal.
Gov. Affairs Rep.
Mgr. Community Serv.
Wash. Rep. #2
Sr. Publ affairs Advisor
Leg. Plng. Coord #3
Pub. aff. Coord. Chemicals
Mgr. Personnel Records
Stf Employee Rel. Rep.
Dir. Personnel Plng.
Sr. Claims Atty
Sr. Atty #3
Assoc. Gen. Coun.'
Sr. Tax Atty #2
Gen Tax Atty #2
Gen Claims Atty
Gen Atty Corporate
Ass. Tax Coun.
Sr. Atty
Atty
Reg. Atty
Res. Ass
Mgr. Process Res.
Sr. Res. Ass.
Res. Supv. #2
Res. Dir.
Res. Supv. #2
Staff Geophysicist
Sr. Paleontologist
Div. Geologist
Sr. Geoph. Assoc.
Consulting Geoph.
Petroleum Geologist
Proj. Geophysicist
Res. Consultant
Mgr. Exploratory Res.
Sr. Eng., Eng. Proj.
Mgr. Eng. & Maint.
Sr. Eng. #1
Mgr. Eng. & Tech.
Supt. Eng.
Mgr. Proc. Eng.
Mgr. Mgt. Eng.
Chief Eng. Mech. Equip.
Eng. #3
Eng. #2
Sr. Consulting Eng.
Eng. #1
Sr. Eng. #2
Sr. Res. Eng.

AMOCO CONT'D.

Sr. Oper. Geophysicist
Assoc. Paleontologist
Geological Advisor
Geological Assoc.
Mgr. Marine Plnt & Constr.
Stf. Mech. MEng.
Reg. Eng. Mgr.
Staff Petrol. Eng.
Div. Oper. Eng.
Sr. Plnt Eng
Sr. Petro Eng Assoc.
Area Eng.
Sr. Mech Eng Assoc
Prin Stf Eng
Mgr Automation Eng.
Hd Eng #1
Sr. Project Eng.
Stf Eng.
Eng Group Leader
Actg Cred Mfg Adt Res & Sgt
Gen Mgr. Auditing
Sr. Auditor
Mgr. Oil Rev. & Purch.
Mgr. Fin. Controls E7M
Asst Controller Corp.
Mgr. Gas Rev & Plnt Actg.
Acctg. Coord M&M
Mgr. Property Taxes
Spec. Tax Consultant
Sr. Stf Actg. Anal.
Dir. Tax Actg. Anal.
Mgr. Banking
Asst. Trasurer Finan.
Mgr. Syst. Anal. Chem
Sys. Dev/ Major Proj Leader
Chief Economist
Stf Writer
Spec. Consultant
Asst Chief Physician
Land Negotiator
Dis. Landman
Gas Supp. Coord.
Area Supt. Slaughter
Stf Spec. Indus. Anal.
Tax Rep. Li.
Mgr. Credit & Receivables
Mgr. Ref Actg. Coord.
Mgr. Pricing & Allocation
Tax Rep #1
Reg. Accountant
Rec. Prop. Tax Mgr.
Acctg. Supv.
Sr. Stf Auditor
Mgr. Comm. Sales
Field Sales Mgr.
Mgr. Consumer Sales
Sr. Field Sales Mgr Res/Jobr
Supv. Sales Authorization
Coord Crude & Mgl Plng
Traf Spec. #2
Coord Ref. Proc
Mgr. Mol Plng. & Coord/
Coord R&Slt Mbmt
Consultant Emp. Rel.
Spec. #2 Ref S Oh Coord
Spec. #2 Rotating Equip.
Area Mgr. Sales
Bale Mgr. Yarns & Fibers
Gas Sales Coordinator
Manufacturing Coord
Proj. Consultant
Va Plng & Admin
Mftg. Supp. & Coord.
Stf Spec. Econ.
Coord Ref. Process
Chief Operator Amoco Tx Mftg.
Div. Oper. Coord.
Sr. Stf Syst. Anal.
Sr. Economist
Dir. Insurance
Div. Investor
Mgr. Punch Coord.
Admin Anal.
Sr. Admin. Anal
Stf Landman
Pet Landman
Emp. Rel. Rep.

(This information was obtained from Amoco's 1978 disclosure reports filed with the FEC.)

4. THERE ARE NO RESTRICTIONS ON PERSON-TO-PERSON SOLICITATION OF SUBORDINATE EMPLOYEES BY IMMEDIATE SUPERVISORS: The program guidelines for Amoco PAC do not restrict solicitation of subordinate employees by immediate superiors.

AMOCO CONT'D.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS IN AMOUNTS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Amoco disclosure reports filed with the FEC.

Occupat'l. Category	No.	% tot. contributors	Amount of Contribution	% tot. amt.	Average Contribution
EXEC. LEVEL	43	7%	$22054.54	18%	$ 513
MID-LEVEL MGRS & PROFS.	506	87%	$98039.30	78%	$ 194
LOWER LEVEL	31	5%	$ 5120.70	4%	$ 165

6. ALTHOUGH MANY CONTRIBUTORS TO THE PAC ARE DEMOCRATS, THE VAST PREPONDERANCE OF CORPORATE PAC MONIES GOES TO REPUBLICAN CANDIDATES.

Breakdown of Amoco PAC's contributions to House and Senate races, 1978. (This information was obtained from 1978 FEC "D" Index.)

	No. Supported	% tot. cand.	Amt. of Contribution	% tot. contrib.
House				
Democrats	54	34%	$ 26100.00	29%
Republicans	105	66%	$ 64700.00	71%
Senate				
Democrats	9	27%	$ 9000.00	12%
Republicans	24	73%	$ 65500.00	88%
Total				
Democrats	63	33%	$ 35100.00	21%
Republicans	129	67%	$130200.00	79%

1 8 8 7 7

7. MOST OF THE EMPLOYEES DONATIONS ARE USED FOR CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 Amoco disclosure reports filed with the FEC and the FEC "D" Index.

4 state aggregate

71% of the itemized receipts were obtained from employees in IL, IN, LA and TX. 21% of PAC federal donations went to races in these states.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978

State	Amt. Rec'd.	% tot. amt.	Amt Contrib.	% tot. amt.
AL	$ 520.00	.4%	$ 13200.00	8%
AK	-	-	$ 1450.00	1%
AZ	-	-	$ 2500.00	1%
AR	-	-	$ 3500.00	2%
CA	-	-	$ 950.00	.6%
CO	$ 5463.35	4%	$ 8250.00	5%
CE	$ 227.14	.2%	$ 500.00	.3%
FL	$ 260.00	.2%	$ 3250.00	2%
GA	$ 3696.83	3%	$ 3500.00	2%
ID	-	-	$ 3000.00	2%
IL	$60780.94	49%	$ 15150.00	9%
IN	$ 6405.46	5%	$ 2250.00	1%
IA	$ 268.45	.2%	$ 4500.00	3%
KS	$ 2474.18	2%	$ 4250.00	3%
KY	-	-	$ 1500.00	1%
LA	$ 6876.98	5%	$ 6450.00	4%
ME	$ 130.00	.1%	$ 1500.00	.9%
MD	$ 3352.00	3%	$ 1250.00	.8%
MA	$ 140.00	.1%	$ 500.00	.3%
MI	$ 1206.36	1%	$ 8500.00	5%
MN	$ 1193.35	1%	$ 9500.00	6%
MS	-	-	$ 3750.00	2%
MO	$ 1035.58	.8%	$ 1000.00	.6%
MT	-	-	$ 5500.00	3%
NE	$ 255.09	.2%	$ 500.00	.3%
NV	-	-	$ 500.00	.3%
NJ	-	-	$ 3250.00	2%
NY	$ 229.53	.2%	$ 2000.00	1%
NC	$ 709.20	.6%	$ 3250.00	2%
ND	$ 308.75	.2%	$ 500.00	.3%
OH	-	-	$ 2500.00	1%
OK	$ 4341.54	3%	$ 1500.00	.9%
PA	$ 236.01	.2%	$ 2250.00	1%
SC	$ 210.52	.2%	$ 6500.00	4%
SD	-	-	$ 3950.00	2%
TN	$ 249.46	.2%	$ 3200.00	2%
TX	$15113.78	12%	$ 11500.00	7%
UT	$ 895.00	.7%	$ 1500.00	.9%
VA	$ 130.00	.1%	$ 6250.00	4%
WA	-	-	$ 1250.00	.8%
WV	-	-	$ 2200.00	1%
WI	$ 494.00	.4%	$ 2000.00	1%
WY	$ 910.00	.7%	$ 5000.00	3%
WASH.DC	$ 1247.74	1%	-	-
INT'L	$ 836.16	.7%	-	-
UNKNOWN	$ 5016.64	4%	-	-

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: The program guidelines of AMOCO PAC make no provision for employees to earmark their contributions.

9. PARTICIPATION RATE: 85% of the corporate officers of Amoco, as disclosed in the Standard & Poor's Register (1978), participate in the PAC. Information is not available concerning the participation rates of mid-level managers and professionals.

10. AMOCO CONTROLS THE AMOUNT OF EMPLOYEES' "VOLUNTARY" DONATIONS: The Corporation orchestrates the amount of the contribution to the PAC, as evidenced by the raising of the payroll deduction by 25% for all employees participating in the month of March, 1978. (See 1978 Amoco disclosure reports filed with the FEC.)

UNION CAMP CORPORATION

1. UNION CAMP SOLICITS UNPROTECTED CARREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. UNION CAMP MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: Union Camp PAC By-Laws, (11/75), make no provision to protect the anonymity of contributors or non-contributors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: Mid-level managers and professionals constituted 82% of the total itemized contributors to the PAC in 1978 accounting for 73% of the itemized contributions to the PAC. (See 1978 Union Camp PAC disclosure reports filed with the FEC.)

Job titles falling within this occupational classification:

Dir. R & D Proj.
" Corp. Tech.
" Asst. Tech.
" Public Rel.
" Air & Stress
" Op. & Plng.
" Div. Prot.
" Env. Prot.
" Plng. & Traffic
Mgr.
" District
" General
" Gen. Serv.
" Reg. Gen.
" Gen., Dom. Sales
" Plant
" Plant Gen.
" Plant Mftg.
" Supt., Plant
" Transportation
" Tech. Serv.
" Mftg.
" Asst.
" Special Proj.
" Marketing
" Land
" Mill
" Marketing Serv.
" Prod. Mftg.
" Purchasing Stores
" Eng. Plng. & Cts.
" Wdl. Tech. & Serv.
" Reg. Design
" Woodlands
" Products
" Ind. Rel.
" Pl Plng. Dev.
" Oper. Control.
" Purchasing & Traffic
" Mill Plng.

Mgr. Ind. Audit
" Wood Procurement
" Community Rel.
" Lumber Mill
" Corp. Sys. Serv.
" Operations
" Proj. Mgr.
Dir. Plant Tech.
" Eng.
Eng., Chief Ind.
" Plant
" Chief
Engineer
Mgr., Retail Sales
" Div. Sales
" Sales Admin.
" Sales
" Dist. Sales
" Reg. Sales
" Contbd. Sales
" Sales Sat.
" Adv. & Sales
" Gen. Sales
" Gen. Sales & Mktg.
Attorney
Asst. Treas. Dir. Tax
Acctg. Staff
Div. Comptroller
Acctg. Mgr.
Asst. Treasurer
Asst. Comptroller
Asst. to Treasurer
Div. Mgr. Acctg. Serv.
Nat'l. Acctg. Mgr.
Nat'l. Acctg. Exec.
Supt.
Asst. Supt.
Asst. Paper Mill Supt.
Pulp Mill Supt.
Gen. Supt.

Gen. Op. Supt.
Lumber Supt.
Maintenance Supt.
Supt. Paper Mch.
Power & Recov. Supt.
Mill Supt.
Woodyard Supt.
Asst. Paper Mill Supt.
Paper Mill Supt.
Corp. Land Agent
Asst to VP and Gen Mgr.
Section Leader
Ind. Hygienist
Forester
Mktg. Specialist
Asst. to Gen Mgr
Asst. to VP
Plant Supt.

UNION CAMP CORPORATION CONT'D.

4. SOLICITATION OF SUBORDINATES BY IMMEDIATE SUPERVISORS: Union Camp Pac By-Laws (11/75) do not restrict solicitation of subordinates by supervisors or other higher-ups.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Union Camp disclosure reports filed with the FEC:

Occupat'l. Category	No.	% total contributors	Amount of Contribution	% total amount	Average Contributi
Exec. level	35	14%	$ 9822.48	23%	$ 281
Mid-level mgrs. & profs.	201	82%	$30662.39	73%	$ 153
Lower level	4	2%	$ 553.00	1%	$ 138
Unclassified	6	2%	$ 965.15	2%	$ 161

6. A SUBSTANTIAL NUMBER OF DONATING EMPLOYEES ARE DEMOCRATS BUT THE VAST PREPONDERANCE OF PAC MONIES IS GIVEN TO REPUBLICAN CANDIDATES.

Breakdown of Union Camp's contributions to federal candidates by House and Senate: (Information taken from FEC "D" Index)

House	No. Supported	% tot. cand.	Amount of Contribution	% tot. c
Democrats	57	37%	$ 25650.00	35%
Republicans	96	63%	$ 46750.00	64%
Senate				
Democrats	6	19%	$ 5400.00	14%
Republicans	25	81%	$ 31950.00	86%
Total				
Democrats	63	34%	$ 31050.00	28%
Republicans	121	66%	$ 78700.00	72%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from the 1978 Union Camp disclosure reports filed with the FEC and the FEC "D" Index.

<u>4 state aggregate:</u>
79% of the itemized receipts were obtained from employees in AL, GA, NJ and VA. 37% of PAC federal donations went to races in these states.

State	Amount Rec'd.	% tot. amt.	Amount Contributed	% tot. amt.
AL	$ 4638.10	11%	$ 12950.00	12%
AK	-	-	$ 1000.00	.9%
AZ	-	-	$ 700.00	.6%
AR	-	-	$ 1300.00	1%
CA	-	-	$ 500.00	.4%
CO	-	-	$ 2800.00	3%
DE	-	-	$ 500.00	.4%
FL	$ 1440.93	3%	$ 3750.00	3%
GA	$ 10396.92	25%	$ 10550.00	10%
ID	-	-	$ 750.00	.7%
IL	$ 1067.93	3%	$ 5100.00	5%
IN	-	-	$ 1200.00	1%
IA	-	-	$ 750.00	.7%
KS	-	-	$ 1750.00	2%
KY	-	-	$ 250.00	.2%
LA	$ 165.00	.4%	$ 1350.00	1%
ME	$ 1411.23	3%	$ 2500.00	2%
MA	-	-	$ 2200.00	.2%
MD	-	-	$ 300.00	.3%
MI	$ 1015.36	2%	$ 6300.00	6%
MO	-	-	$ 1400.00	1%
MN	-	-	$ 3500.00	3%
MS	-	-	$ 2450.00	2%
MT	-	-	$ 1000.00	.9%
NE	-	-	$ 500.00	.4%
NH	$ 117.00	.3%	-	-
NJ	$ 11692.91	28%	$ 8500.00	8%
NM	-	-	$ 500.00	.4%
NY	$ 420.00	1%	$ 2150.00	2%
NC	$ 500.04	1%	$ 3900.00	4%
OH	$ 1893.99	5%	$ 3550.00	3%
OK	-	-	$ 350.00	.3%
OR	-	-	$ 500.00	.4%
PA	$ 429.24	1%	$ 3050.00	3%
SD	-	-	$ 700.00	.6%
SC	-	-	$ 3950.00	4%
TN	$ 240.00	.6%	$ 2600.00	2%
TX	-	-	$ 3500.00	4%
UT	-	-	$ 250.00	.2%
VA	$ 6456.77	15%	$ 7600.00	7%
WA	-	-	$ 450.00	.4%
WV	-	-	$ 1100.00	1%
WI	-	-	$ 1250.00	1%
WY	-	-	$ 500.00	.4%

UNION CAMP CONT'D.

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EIYHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: Union Camp PAC By-Laws make no provision in the administration of the PAC for participating employees to earmark their contributions.

9. PARTICIPATION RATES: Information is not available concerning participation rates of mid-level managerial and professional employees. Of the 35 publicly disclosed corporate officers and vice-presidents listed in the 1978 Standard & Poor's Register, 71% participate in the PAC. 2 specific job titles, general manager and manager of manufacturing, constituted approximately 20% of the contributors in the mid-level managerial and professional occupations.

10. UNION CAMP CONTROLS THE AMOUNT OF EMPLOYEES' "VOLUNTARY" DONATIONS: All contributors using the payroll deduction plan during July, 1978, had their monthly PAC deduction doubled during that month. (See July, 1978, Union Camp disclosure reports filed with the FEC.)

UNION OIL

1. UNION OIL SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. UNION OIL MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: There is no indiaction that Union Oil makes any provision in the administaation of its PAC for protecting the anonymity of contributors or non-contributors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: 84% of the total itemized contributors to the PAC hold mid-level managerial or professional positions; their contributions account for 64% of the total itemized PAC receipts. (This information was obtained from 1978 Union Oil disclosure reports filed with the FEC.)

Job titles falling within this occupational classification:

Dir. PPG
" Res. Assoc.
" CES
" Emp/Community
" Env. Sci.
Mgr. Dist.
Gen. Mgr. NATL
Mgr. Gen. TX
" Gen. Mktg.
" Gen. Retail
" Div.
Sr. Gen. Mgr.
Plant Manager
Mgr. RFY Plng/Bldg.
" OS Lands
" Lands DS
" Oper, Div.
" AIRLN/BLS
" Pub Rel
" EEO SV
" ADMV Tech
" Personnel Serv
" Civic Affairs
" Exploration
" Refinery
" Community Serv.
" Eglty.
" Corp Plng/ Eval.
" Labor Rel.
" Research
" MFLND
" Prop. Serv.
Asst. tb Manager
Mgr. PH/PP
" Projects
" Building
" CC SPLY
" Marketing
" Spel. Proj

Mgr. Refinery Coord.
Mgr. Special Interests
" Development
" Personnel
Asst. Gen Counsel
Assoc. Counsel
Assoc. Tax Counsel
Counsel
Gen Auditor
Corporate Comptroller
Div. Comptroller
Mgr. Accounting
" Corporate Accounts
" Nat'l. Accounts
Admin. Acctg. Gas
Mgr. Fin. PBLOS
Purchasing Agent
Sr. Engineer
Supervising Eng.
Eng. PHT/AR
Assoc. Eng.
Eng. Refinery Chief
Supv. Eng. RESV
Supv. Dev. Eng.
Mgr. Engineering
Mgr. Proj. Eng.
Eng. Supv. Prod.
Supv. Sales
Mgr. Sales Div.
Sr. Geophysicist
Geophysicist
Assoc. Researcher
Geologist
Supv. Work Coord.
Group Supv.
Supv. PRDTEVAL
" Finance Plng
" Util/CNSV
Product Supv.
Assoc. Researcher, Sr.

UNION OIL CONT'D.

Supt. R/C
Supt. SEOY/CRDT
Supt. Marketing
Supt Product
Supv. Raw Main enace
Supv. Fuel Research
IDR Med.
Asst. Purchasing

Supt. GEOLHL
Supt. EDCT/PROD
Supt. Heavy Oil
Supt. I/L Field
Supt. VLK Oper
Supv. Prod. AR
Consultant
Geologist, Exploration

4. INFORMATION IS NOT AVAILABLE CONCERNING RESTRICTIONS ON SOLICITATION OF SUBORDINATE EMPLOYEES BY IMMEDIATE SUPERVISORS.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS IN AMOUNTS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Union Oil disclosure reports filed with the FEC.

Occupat'l. Category	No.	% tot. contributors	Amount of Contribution	% tot. amt.	Average Contribution
Exec. level	35	16%	$ 17213.00	34%	$ 492
Mid-level mgrs. & profs.	177	82%	$ 32719.21	64%	$ 185
Lower level	1	.5%	$ 170.00	.3%	$ 170
Unclassified	2	1%	$ 630.00	1%	$ 315

6. A SUBSTANTIAL NUMBER OF DONATING EMPLOYEES ARE DEMOCRATS BUT THE VAST PREPONDERANCE OF CORPORATE PAC MONIES GOES TO REPUBLICAN CANDIDATES.

Breakdown of Union Oil's contributions to federal candidates by House and Senate. (Information taken from FEC "B" Index.)

House	No. Supported	% tot. cand.	Amount of Contrib.	% tot. contrib.
Democrats	19	14%	$ 6300.00	10%
Republicans	118	86%	$56180.00	90%
Senate				
Democrats	8	25%	$ 6500.00	20%
Republicans	24	75%	$25800.00	80%
Total				
Democrats	27	16%	$12800.00	14%
Republicans	142	84%	$81980.00	86%

UNION OIL CONT'D.

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR CAMPAIGNS IN OTHER STATES:
This information was compiled from 1978 Union Oil disclosure reports filed with the FEC and from FEC "D" Index.

4 state aggregate
92% of the itemized contributions were obtained from employees in CA, IL, TX and LA.
30% of PAC federal donations : to races in these states.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
AL	$ 320.00	.6%	$ 3000.00	3%
AK	-	-	$ 2200.00	2%
AZ	-	-	$ 2100.00	2%
AR	-	-	$ 1000.00	1%
CA	$35167.31	69%	$11930.00	13%
CO	$ 198.00	.4%	$ 1900.00	2%
CT	-	-	$ 500.00	.5%
DE	-	-	$ 200.00	.2%
FL	-	-	$ 1450.00	2%
GA	-	-	$ 1500.00	2%
ID	-	-	$ 1850.00	2%
IL	$ 6679.00	13%	$ 5700.00	6%
IN	-	-	$ 2250.00	2%
IA	-	-	$ 1500.00	2%
KS	-	-	$ 2000.00	2%
KY	-	-	$ 700.00	.7%
LA	$ 1085.00	2%	$ 2400.00	3%
ME	-	-	$ 1500.00	2%
MA	-	-	$ 500.00	.5%
MI	$ 200.00	.4%	$ 5400.00	6%
MN	$ 140.00	.3%	$ 3750.00	4%
MS	-	-	$ 2100.00	2%
MT	-	-	$ 2500.00	3%
NE	-	-	$ 500.00	.5%
NV	-	-	$ 200.00	.2%
NH	-	-	$ 1000.00	1%
NJ	-	-	$ 2300.00	2%
NM	-	-	$ 800.00	.8%
NY	-	-	$ 1550.00	2%
NC	$ 150.00	.3%	$ 2400.00	2%
OH	$ 280.00	.5%	$ 1700.00	2%
OK	$ 420.00	.8%	$ 500.00	.5%
OR	-	-	$ 1500.00	2%
PA	-	-	$ 1500.00	2%
SC	-	-	$ 2350.00	2%
SD	-	-	$ 1700.00	2%
TN	-	-	$ 2200.00	2%
TX	$ 4156.90	8%	$ 7850.00	8%
UT	-	-	$ 450.00	.5%
VA	$ 165.00	.3%	$ 1850.00	2%
WA	$ 286.00	.6%	$ 2350.00	2%
WV	-	-	$ 1400.00	1%
WI	-	-	$ 1000.00	1%
WY	$ 465.00	.9%	$ 1750.00	2%
WASH. DC	$ 520.00	1%	-	-
INT'L.	$ 500.00	1%	-	-

UNION OIL CONT'D.

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: Union Oil makes no provision in the administration of its PAC for employees to earmark their contributions.

9. PARTICIPATION RATE: Employee participation rate is not possible to determine from the public record.

10. UNION OIL CONTROLS THE AMOUNT OF EMPLOYEES' "VOLUNTARY" DONATIONS: 75% of the PAC's itemized contributors holding mid-level managerial or professional positions gave in amounts within the range of $150-300. 10% of the contributors in this category contributed in amounts below this range and 6% of the it itemized contributors gave in amounts exceeding this range. (This information was obtained from 1978 Union Oil disclosure reports filed with the FEC.)

UNITED TECHNOLOGIES CORPORATION

1. UNITED TECHNOLOGIES SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate, MAC Associates, Washington, D.C.

2. UNITED TECHNOLOGIES MAKES NO PROVISION FOR PROTECTING THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: UT makes no provision in the administration of its PAC to protect the anonymity of contributers or non-contributors. See United Technologies, Political Action Committe, "Facts About the Committee".

3. THE PRIMARY SOURCE OF FUNDS IS EXECUTIVE-LEVEL PERSONNEL: Although executive-level personnel contribute the bulk (56%) of political money to the PAC, mid-level managerial and professional employees constitute the majority (61%) of the total itemized contributors. (This information was obtained from 1978 United Technologies disclosure reports filed with the FEC.)

4. THERE IS NO KNOWN RESTRICTION ON DIRECT SOLICITATION OF SUBORDINATE EMPLOYEES BY IMMEDIATE SUPERVISORS OR OTHER SUPERIORS: UT PAC's "Facts About the Committee", expresses no prohibition on supervisors' directly soliciting subordinate employees.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS IN AMOUNTS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was compiled from 1978 United Technologies" disclosure reports filed with the FEC.

Occupat'l Category	No.	% total contributors	Amount of Contribution	% total amount	Average Contribution
Exec. level	57	37%	$ 35600.00	56%	$ 625
Mid-level mgrs. & profs.	95	61%	$ 22890.00	36%	$ 241
Lower level	1	.6%	$ 200.00	.3%	$ 200
Unclassified	2	1%	$ 5173.00	8%	$2587

6. ALTHOUGH MANY CONTRIBUTORS ARE REGISTERED DEMOCRATS THE VAST PREPONDERANCE OF CORPORATE PAC MONIES GOES TO REPUBLICAN CANDIDATES.

Breakdown of United Technologies federal contributions by House and Senate: (Information taken from 1978 FEC "D" Index)

House	No. Supported	% tot. cand.	Amount Contribution	% tot. contrib.
Democrats	55	35%	$ 18600.00	29%
Republicans	102	65%	$ 44475.00	71%
Senate				
Democrats	5	17%		
Republicans	24	83%	$ 3500.00	10%
			$ 32400.00	90%
Total				
Democrats	60	32%	$ 22100.00	22%
Republicans	126	68%	$ 76875.00	78%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 United Technologies disclosure reports filed with the FEC and the FEC "D" Index.

1 state aggregate
58% of the itemized receipts were obtained from employees in CT.
5% of PAC federal donations went to races in this state.

4 state aggregate
89% of the itemized receipts were obtained from employees in CA, CT, IN and Wash., D
13% of PAC federal donations went to races in these states.(Excludes DC)

UNITED TECHNOLOGIES CONT'D.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
AL	$ 200.00	.3%	$ 4000.00	4%
AK	-	-	$ 1100.00	1%
AZ	-	-	$ 1400.00	1%
AR	-	-	$ 300.00	.3%
CA	$ 2350.00	4%	$ 4800.00	5%
CO	-	-	$ 3500.00	3%
CT	$36795.00	58%	$ 5300.00	5%
DE	-	-	$ 700.00	.7%
FL	$ 1800.00	3%	$ 3850.00	4%
GA	-	-	$ 200.00	.2%
ID	-	-	$ 200.00	.2%
IL	-	-	$ 2800.00	3%
IN	$12150.00	19%	$ 2700.00	3%
IA	-	-	$ 750.00	.8%
KS	-	-	$ 1450.00	1%
KY	-	-	$ 1500.00	2%
LA	-	-	$ 2825.00	3%
ME	-	-	$ 750.00	.8%
MD	-	-	$ 700.00	.7%
MA	-	-	$ 2500.00	3%
MI	$ 1250.00	2%	$ 9500.00	10%
MN	-	-	$ 5300.00	5%
MS	-	-	$ 3000.00	3%
MO	$ 300.00	.5%	$ 1700.00	2%
NE	-	-	$ 200.00	.2%
NH	-	-	$ 1750.00	2%
NJ	-	-	$ 2750.00	3%
NM	-	-	$ 400.00	.4%
NY	$ 1970.00	3%	$ 4100.00	4%
NC	-	-	$ 1700.00	2%
OH	$ 325.00	.5%	$ 2750.00	3%
PA	-	-	$ 3500.00	4%
SC	-	-	$ 5200.00	5%
SD	-	-	$ 1600.00	2%
TN	-	-	$ 2750.00	3%
TX	-	-	$ 4800.00	5%
UT	-	-	$ 400.00	.4%
VA	-	-	$ 2750.00	3%
WA	-	-	$ 1550.00	2%
WV	-	-	$ 2100.00	2%
WI	-	-	$ 600.00	.6%
WY	-	-	$ 100.00	.1%
WASH.DC	$ 5200.00	8%	-	-
INT'L.	$ 1350.00	2%	-	-
UNKNOWN	$ 175.00	.3%	-	-

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: United Technologies PAC, "Facts About the Committee", states that "funds collected by the Committee will be contributed to recipients selected by the Steering Committee in their discretion."

9. PARTICIPATION RATES: In response to Tykes' Research Associates' survey, April, 1979, United Technologies PAC stated that 24% of its solicited home office employees responded with contributions to the PAC. All subsidiaries are solicited with a 16% response rate. Similarly, all plant locations are solicited yielding a response rate of 9%. Total participation by eligible employees is approximately 11%. 95% of 95% of the corporate officers and vice-presidents disclosed in the 1978 Standard & Poor's Register participate in the PAC. The average contribution for these individuals is $1071.

10. UNITED TECHNOLOGIES CONTROLS THE AMOUNT OF EMPLOYEES' DONATIONS: 87% of the PAC's itemized contributors holding mid-level managerial and professional positions contributed in amounts within the range of $150-300. 13% of the itemized contributors in this occupational classification contributed in amounts above this range. This information was obtained from 1978 United Technologies disclosure reports filed with the FEC.

WINN-DIXIE STORES, INC.

1. WINN-DIXIE SOLICITS UNPROTECTED CAREER EMPLOYEES: Employee contracts are rare for white-collar or managerial employees; 9/4/79 telephone conversation with Neil Miller, Consultant, Department of Labor, former law professor, associate with MAC Associates, Washington, D.C.

2. WINN-DIXIE MAKES NO PROVISION TO PROTECT THE ANONYMITY OF CONTRIBUTORS OR NON-CONTRIBUTORS: There is no indication that Winn-Dixie makes any provision in the administration of its PAC to protect the anonymity of contributors or non-contributors.

3. THE PRIMARY SOURCE OF FUNDS IS CAREER MID-LEVEL MANAGERS AND PROFESSIONALS: Winn-Dixie concentrates its fund-raising efforts on upper-level managerial employees; these employees comprise 56% of the itemized contributors to the PAC. Job titles falling within this occupational classification:

Dir. Store Planning	Supt.
" Emp. Rel.	" Retail Oper.
" Dairy Mnftg.	" Data Processing
" Produce Oper.	Meat Merchandiser
" Data Processing	Gen. Merchandiser
" Warehouse Plng.	Tax Mgr.
" Safety, Security & Ins.	Tax Officer
" Meat Merch.	Div. Comptroller
" Personnel	Attorney
" Grocery Merch.	Corporate Sanitarian
" Data Processing, Asst.	Transportation
" Mktg. Plants	Frozen Food Buyer
" Bakery	Manufacturing
" Warehousing	HO Work Methods
" Advertising	Mnfg. Oper.
" Work Methods	Security Officer
" Non-Food	Purchasing
" Internal Auditors	Security & Safety
Division Mgr.	Store Supervisor
District Mgr.	Plant Mgr.
Accountant	

(This information was taken from 1978 Winn-Dixie PAC reports filed with the FEC)

4. INFORMATION IS NOT AVAILABLE CONCERNING RESTRICTIONS ON SOLICITATIONS OF SUBORDINATE EMPLOYEES BY SUPERVISORS OR OTHER HIGHER-UPS.

5. EMPLOYEES ARE RESPONDING WITH CONTRIBUTIONS ENTIRELY BEYOND NORMAL POLITICAL GIVING: The following information was obtained from 1978 Winn-Dixie disclosure reports filed with the FEC.

Occupat'l. Category	No.	% tot. contributors	Amount of Contribution	% tot. amt.	Average Contribution
Exec. level	34	33%	$85737.50	68%	$2522
Mid-level mgrs. & profs.	60	56%	$20282.00	16%	$ 338
Lower level	4	4%	$ 1050.00	1%	$ 262
Unclassified	9	7%	$19900.00	16%	$2211

6. THOUGH MANY EMPLOYEES ARE REPUBLICANS, WINN-DIXIE CONTRIBUTES THE MAJORITY OF ITS EMPLOYEES' PAC DONATIONS TO DEMOCRATIC CANDIDATES.

Breakdown of Winn-Dixie's contributions to federal candidates by House and Senate: (Information taken from FEC "D" Index)

House	No. Supported	% tot. cand.	Amount of Contribution	% tot. con
Democrats	37	66%	$ 34850.00	70%
Republicans	19	34%	$ 15000.00	30%
Senate				
Democrats	19	59%	$ 41842.00	66%
Republicans	13	41%	$ 21250.00	34%
Total				
Democrats	56	64%	$ 76692.00	68%
Republicans	32	36%	$ 36250.00	32%

7. MOST OF THE EMPLOYEES' DONATIONS ARE USED FOR FEDERAL CAMPAIGNS IN OTHER STATES: This information was compiled from 1978 Winn-Dixie disclosure reports filed with the FEC and the FEC "D" Index.

1 state aggregate
79% of the itemized recipts were obtained from employees in FL.
9% of PAC federal donations went to races in this state.

4 state aggregate
96% of the itemized receipts were obtained from employees in AL, FL, LA and NC
23% of PAC federal donations went to races in these states.

WINN-DIXIE STORES, INC. CONT'D.

RECEIPTS AND CONTRIBUTIONS BY STATE 1978

State	Amt. Rec'd.	% tot. amt.	Amt. Contributed	% tot. amt.
AL	$ 12400.00	10%	$ 8000.00	7%
AR	-	-	$ 3000.00	3%
AK	-	-	$ 1000.00	.8%
CA	-	-	$ 2500.00	2%
CO	-	-	$ 2000.00	2%
CT	-	-	$ 1000.00	.8%
DE	-	-	$ 2000.00	2%
FL	$100619.50	79%	$10600.00	9%
GA	$ 1000.00	.8%	$ 3500.00	3%
ID	-	-	$ 2000.00	2%
IL	-	-	$ 3500.00	3%
KS	-	-	$ 2000.00	2%
KY	$ 400.00	.3%	$ 5500.00	5%
LA	$ 3300.00	3%	$ 3000.00	3%
ME	-	-	$ 4000.00	4%
MI	-	-	$ 1000.00	.8%
MN	-	-	$ 6000.00	5%
MS	-	-	$ 8342.00	7%
MO	-	-	$ 1000.00	.8%
MT	-	-	$ 2000.00	2%
NV	-	-	$ 1000.00	.8%
NJ	-	-	$ 3000.00	3%
NY	-	-	$ 1000.00	.8%
NC	$ 4550.00	4%	$ 4000.00	4%
OH	-	-	$ 1000.00	.8%
OK	-	-	$ 1000.00	.8%
OR	-	-	$ 1000.00	.8%
PA	-	-	$ 1000.00	.8%
SC	$ 1750.00	1%	$ 6250.00	6%
TN	-	-	$ 5750.00	5%
TX	$ 1550.00	1%	$ 6000.00	5%
VA	-	-	$ 2500.00	2%
WA	-	-	$ 1000.00	.8%
WV	-	-	$ 2000.00	2%
WI	-	-	$ 500.00	.4%
WY	-	-	$ 4000.00	4%
STATE UNKNOWN	$ 1400.00	1%	-	-

8. EMPLOYEES ARE NOT PERMITTED TO DESIGNATE, EITHER BY PARTY OR CANDIDATE, THE RECIPIENT OF THEIR DONATIONS: Winn-Dixie does not permit participating employees of the PAC to earmark their contributions.

9. PARTICIPATION RATES: Information is not available concerning participation rates of mid-level managerial and professional employees. However, 80% of the corporate officers disclosed in Standard & Poor's Register, 1978, participate in the PAC. The average contribution for these publicly disclosed executives is $2657.

10. WINN-DIXIE CONTROLS THE AMOUNTS OF EMPLOYEES' "VOLUNTARY" DONATIONS: 60% of the PAC's itemized contributors holding mid-level managerial and professional positions contributed in amounts within the range of $150-300. 5% of the itemized contributors in this category contributed in amounts below the range and 35% contributed in amounts above the range. (This information was obtained from 1978 Winn-Dixie disclosure reports filed with the FEC.)

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1040

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