



FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 10, 1976

Re: AOR 1976-92

Mr. Graham H. Fernald
Perkins, Coie, Stone, Olsen and Williams
1900 Washington Building
Seattle, Washington 98101

Dear Mr. Fernald:

This is in response to your letter dated September 24, 1976, in which you request the Commission's opinion as to the status, under the Federal Election Campaign Act of 1971, as amended ("the Act"), of the Boeing Company's Civic Pledge Program ("CPP"). Your question appears to be whether or not the CPP constitutes a separate segregated fund pursuant to Part 114 of the Commission's proposed regulations.

As described in your letter, the CPP is a membership organization composed of the employees of the Boeing Company. Such members make contributions to candidates whom they select, in amounts determined by them, and at times they choose. The program is open to each management employee of the Boeing Company whose base annual salary is \$26,000 or more.¹ Most members of this class who participate do so through a payroll deduction plan.

There is a self perpetuating advisory group which has overall responsibility for its day-to-day functions. The Boeing Company apparently bears any solicitation expenses directly from its treasury. The administrator from time to time receives requests for political contributions. He prepares a data sheet on the candidate with particular reference to his or her position on such issues as are likely to be of concern to Boeing management employees. This data sheet goes to the advisory group, which makes its decision as to whether the candidate will have advisory group support and, if so, the amount thereof. If the candidate obtains such support, the program administrator solicits contributions by sending some members (selected by the administrator on the basis of potential interest in the particular candidate) a copy of the data sheet and a request for a

¹ For purposes of this response we assume that management employees would qualify as "executive or administrative personnel" under 2 U.S.C. §441b(b)(7) and §114.1(c) of the proposed regulations.

contribution. The member is advised that he need not accept the advisory group recommendation or make a contribution. If the member decides to support the candidate, he or she either directs the bank to write a check on the member's program account at the bank (if the member is on the payroll deduction plan) or the member draws a personal check. All checks are drawn on individual accounts and all are made payable to the candidate's campaign committee. The checks are collected by the administrator for forwarding to the campaign committee.

As is more fully developed below, it appears that contributions in excess of \$1,000 in a calendar year will be made by CPP; thus, the Commission concludes that CPP is indeed a political committee and a separate segregated fund whose activities must be conducted in accordance with the Act including, in particular, 2 U.S.C. §441b and Part 114 of the Commission's proposed regulations (copy enclosed). Under the circumstances, the Commission would consider any amount disbursed to a candidate as a contribution to that candidate by CPP.² Each contribution to a candidate made through CPP would, of course, be subject to the limits of 2 U.S.C. §441a. Whether that limit is \$1,000 or \$5,000 depends on whether CPP qualifies as a multi-candidate committee. 2 U.S.C. §441a(a)(4). Moreover, because of the method by which CPP solicits contributions, those contributions designated for particular candidates, as described above, by the individual contributors would also be regarded as contributions by those individuals to the candidates designated by such contributors. See §110.6(d) of the Commission's proposed regulations; see also Advisory Opinion 1975-10 (copy enclosed). CPP itself would be required to report such contributions pursuant to §110.6 of the proposed regulations; also the candidate recipients are required to report the receipt of such contributions on their next required report. See 2 U.S.C. §434 and Part 104 of the proposed regulations for the applicable reporting requirements.

This response relates to your opinion request but may be regarded as informational only and not as an advisory opinion since it is based in part on proposed regulations of the Commission. These proposed regulations were formally adopted by the Commission and serve as interpretative rules of the Commission as to the meaning of

² The Commission held in Advisory Opinion 1976-51 (copy enclosed) that a group of individuals who act in concert to raise and deliver contributions aggregating over \$1,000 in a calendar year to any candidate (or political committee) will be regarded as a political committee.

the pertinent statutory language. The proposed rules were transmitted to the Congress on August 3, 1976. See 2 U.S.C. §438(c). For your information we enclose a copy of a recent Commission policy statement regarding those rules.

Sincerely yours,

(signed)
Vernon W. Thomson
Chairman for the
Federal Election Commission

Enclosures [8/25/76 FR reprint, responses to AO 1975-10 and AO 1976-51, 10/5/76 policy statement]