



FEDERAL ELECTION COMMISSION
Washington, DC 20463

March 6, 1978

AO 1977-65

Thomas R. Oehmke, Esquire
Treasurer
Americans for Democratic Action-- Progressive Victory Fund
13548 Tacoma Avenue
Detroit, Michigan 48205

Dear Mr. Oehmke:

This responds to your letters of October 31 and November 14, 1977, requesting an advisory opinion concerning application of the Federal Election Campaign Act of 1971, as amended (the "Act") to the receipt of contributions by Americans for Democratic Action-- Progressive Victory Fund (hereafter "ADA-PVF") from your connected organization, Americans for Democratic Action--Michigan Chapter (hereafter "ADA-MC").

ADA-PVP is a political committee and filed a statement of organization with the Federal Election Commission on August 26, 1977. ADA-PVF identified the ADA-MC, a "not-for-profit, voluntary, membership association" of individual members only, as its "connected organization."* ADA-MC derives its funds primarily from membership dues. Some funds are derived from corporations and labor unions through the sale of advertising in program booklets and tickets to fundraising events.

You specifically ask whether the ADA-PVF may accept contributions from ADA-MC. The answer is no.

Under 2 U.S.C. 441b corporations and labor organizations are prohibited from making a "contribution or expenditure in connection with any [Federal] election . . .". For purposes of this prohibition the term "contribution or expenditure" is defined to include "any direct or indirect payment . . . or gift of money . . . to any [Federal] candidate, campaign committee, or political party or organization . . .". Although ADA-MC is not an incorporated entity and has individual members only, the account from which it seeks to contribute to ADA-PVF contains monies given by entities prohibited by the Act from making contributions. Thus such a transfer from it may not be lawfully accepted by ADA-PVF. The contribution would represent an indirect corporate or labor union contribution. See AO 1976-110, copy enclosed.

* See definition, 11 C.F.R. 100.15.

If ADA-MC wishes to support ADA-PVF, either through the payment of certain administrative or solicitation costs or by direct contribution, it may organize its operations in accordance with the provisions of 11 CFR 102.6. On the other hand if ADA-MC refuses to accept any contribution from entities prohibited by the Act from making contributions (2 U.S.C. 441b, 441c, 441e) it may contribute directly to ADA-PVF. However, in that event, contributions to ADA-PVF by ADA-MC which exceed \$1,000 during a calendar year would cause ADA-MC itself to become a "political committee," as defined in 2 U.S.C. 431(d), subject to the registration, reporting, contribution limit, and other provisions of the Act and Commission regulations. See especially 2 U.S.C. 433, 434, 441a; 11 CFR 102, 104, 110.

ADA-PVF has acknowledged that it received a contribution from ADA-MC as a result of a jointly sponsored fundraising event. Since ADA-MC cannot lawfully contribute to ADA-PVF, these funds must be returned. This return should be made promptly with special written notification to the Commission when it is accomplished.

This response constitutes an advisory opinion concerning the application of a general rule of law stated in the Act or prescribed as a Commission regulation to the specific factual situation set forth in your request. See 2 U.S.C. 437f.

Sincerely yours

(signed)
Thomas E. Harris
Chairman for the
Federal Election Commission

Enclosure