



FEDERAL ELECTION COMMISSION
Washington, DC 20463

March 17, 1978

AO 1977-71

Mr. Ronald N. Cobert, Esquire
Grove, Jaskiewicz, Gilliam and Cobert
Suite 501
1730 M Street, N.W.
Washington, D.C. 20036

Re: American Institute for Shippers' Association, Inc.

Dear Mr. Cobert:

This responds to your letter of November 21, 1977, supplemented by your letters of January 26 and February 17, 1978, which request an advisory opinion concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), to the proposed solicitation by the American Institute for Shippers' Association Political Action Committee (AISA PAC) of the executives and administrators of certain of its member shippers' cooperatives.

Your letters state that AISA is an incorporated, non-profit nonstock trade association. Its membership includes shippers' cooperatives that are, for the most part, non-profit, nonstock incorporated associations of business corporation that join together in order to take advantage of collective volume rate savings in the movement of freight. The cooperatives are funded by their members who pay them for the performance of services. The daily operation of each cooperative is handled by employees hired either by the cooperative's board of directors or by a management corporation chosen by the cooperative's board of directors.

Cooperative associations run by management corporations have a distinctive organizational structure. You explain that generally the management corporation is formed for the specific purpose of serving a particular cooperative. It does not engage in any activity other than management of the cooperative, and it supplies all personnel needed to run the latter, which, strictly speaking, has no employees of its own. The executive and administrative personnel of the management corporation fulfill 100% of the executive and administrative needs of the cooperative with which it is connected, and the management corporation pays those personnel a salary derived entirely from revenues of that cooperative. At the annual meeting of AISA members, the vote of a shipper's cooperative run by a management corporation is cast by the cooperative's general manager, who is employed by the management corporation. In sum, the management corporation and the AISA member cooperative which it serves are run by the same

administrative and executive personnel, and the interests of both organizations are "in actuality identical." The personnel who handle the business of only AISA member cooperatives thus present a unique and exclusive class of personnel and may be regarded as the member cooperative's own executive and administrative personnel since they, and they alone, run the cooperative's business. H. Conf. Report 1057, 94th Congress, 2d Sess., p. 62 (1976).

Accordingly, it is the opinion of the Commission that, upon receipt by AISA of proper solicitation permission (11 CFR 114.8(d)) by a member cooperative, AISA or its PAC may solicit the executive and administrative personnel of its member cooperatives including the executive and administrative personnel of management corporations which are retained only by AISA member cooperatives and exist for no purpose other than to fulfill all the executive and administrative functions of those cooperatives. All statutory provisions and Commission regulations pertinent to a trade association's solicitation of its member corporation's executive or administrative personnel and their families are, of course, applicable. 2 U.S.C. 441b; 11 CFR 114.8.

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.

Sincerely yours,

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