



FEDERAL ELECTION COMMISSION
Washington, DC 20463

June 14, 1979

CERTIFIED MAIL,
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1979-16

Charles W. Schoeneman
1819 H Street, N.W., Suite 230
Washington, D.C. 20006

Dear Mr. Schoeneman:

This is in response to your letter of April 19, 1979, requesting an advisory opinion on behalf of the NAWCAS/NAMBAC Political Action Trust concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), and Commission regulations to the temporary solicitation by a single multicandidate campaign committee of the members of two sponsoring membership organizations prior to their contemplated merger.

Your letter states that the National Association of Women's and Children's Apparel Salesmen Guild (hereinafter referred to as "NAWCAS") and the National Association of Men's and Boy's Apparel Clubs, Inc. (hereinafter referred to as "NAMBAC") have jointly sponsored the organization of the NAWCAS/NAMBAC Political Action Trust under the laws of Georgia. The two organizations, both corporations, are respectively a guild of commission apparel salesmen for women's and children's clothing and an association of commission apparel salesmen for men's and boys' clothing. They are headquartered at the same address, share offices and staff, and jointly participate in programs and projects. Further, the respective legislative assemblies of both corporations have duly endorsed a full merger which is anticipated to be completed this year.

According to your letter, pending completion of merger, all funds collected by the sponsoring corporations will be segregated and held in Trust with all contributions being fully identifiable. No funds will be contributed by the Trust to any candidate prior to completion of the merger. In the event the corporations do not merge, you state that the funds will be separated permanently and an organization report¹ filed for each. Prior to the merger each of the

¹ The Commission understands this statement to mean that a Statement of Organization (FEC Form 1) will be filed for two separate political committees, one sponsored by NAWCAS and the other by NAMBAC, in the event the merger is not concluded; those two committees would also report separately. See 2 U.S.C. 433, 434.

corporations will pay the expenses of establishment and administration of the Trust, as well as the expenses to solicit contributions from its respective individual members to the separate segregated funds. You then state that at the time of the merger, the two funds in the Trust will themselves be merged and utilized as a single multicandidate committee. Finally, you explain that the sole purpose for establishing a single Trust at this time is to facilitate collection and administration of funds by a single legal entity.

Specifically, you ask:

1. Whether the NAWCAS/NAMBAC Political Action Trust qualifies for treatment as a political committee?
2. Whether the Trust may receive money contributed by the members of both the NAWCAS Guild and NAMBAC, Inc. prior to their merger, provided that no contributions to candidates or their campaigns are made until such time as the organizations merge?
3. Whether the Trust may after the merger continue to receive money from the membership of the merged organization, and may commingle the funds and make contributions to candidates and their campaign committees?

Since currently each incorporated organization could establish its own separate segregated fund which in turn would qualify as a political committee, and since upon merger of the corporations the two funds could be consolidated into one political committee, the Commission answers your question in the affirmative. This answer is also based on the specific circumstances of pending merger and the conditions set forth in your letter and Trust document.

The Commission's opinion is conditioned on compliance with the procedures and restriction which NAWCAS and NAMBAC have placed not only on solicitation of contributions but also on disbursement of funds. Your letter states that no funds collected will be contributed by the Trust to any candidate or their campaigns prior to completion of the merger.² From the letter and Trust document it is the Commission's understanding that the Trust will make no contributions or expenditures as defined in 2 U.S. C. 431(e) and (f) prior to completion of the merger.

In reaching the stated conclusion, the Commission considered the fact that each corporation will solicit its own individual members, pay its own expenses and fully segregate all funds collected until the merger is finalized; the two funds themselves will then be merged into a single multicandidate committee. Of course, the Commission notes that since the NAWCAS/NAMBAC Political Action Trust is currently registered as a single political

² Article IV, §4.3 of the Trust Document indicates that disbursements shall be limited to candidates to political office and that such disbursements to or for any candidate shall not exceed a total of \$1,000 for all campaigns in any given election.

committee, it is subject to all the limitation on contribution and expenditures of one political committee. See 2 U.S.C. 441a and 11 CFR 110.1 et seq.

While rendering this opinion the Commission makes clear that the advisory opinion procedure is not appropriate for giving general approval to the effect of the Trust document and that this opinion is not a review and approval of all provisions of the Trust document. Hence, the Commission stresses that compliance with all provisions of the Act is necessary. In particular, contribution solicitations by NAWCAS and NAMBAC are subject to 2 U.S.C. 441b(b)(4) and 11 CFR 114.5, 114.7. Also, the Commission notes that the Trust clause granting an exemption for trustee liability does not relieve the Trustees of any liability that may ensue with respect to noncompliance with the Act.

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)

Robert O. Tiernan
Chairman for the
Federal Election Commission