



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 29, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1979-77

Mr. J. McDonald Williams
Mr. H.D. Johnson, III
Trammell Crow Company
2001 Bryan Street
Dallas, Texas 75201

Dear Mr. Williams and Mr. Johnson:

This is in response to your joint request by letter dated December 3, 1979, for an advisory opinion on behalf of the Trammell Crow Partners Political Committee ("Partners Committee") and the Trammell Crow Company Political Action Committee ("Crow Company PAC") respectively, with regard to the application of the Federal Election Campaign Act of 1971, as amended ("the Act"), to certain proposed activity of the two political committees which you represent.

You explain in your letter that the Partners Committee, which was established by the Trammell Crow Partners ("Crow Partnership"), a Texas limited partnership, desires to solicit the non-corporate partners of the Crow Partnership, the non-corporate partners of other limited and general partnerships in which the Crow Partnership owns a partnership interest, and the executive and administrative personnel of both the Crow Partnership and the other partnerships mentioned. In the future, the Partners Committee may also wish to solicit contributions from other individuals not connected with the Crow Partnership or other partnerships. You state that the Partners Committee intends to pay all costs of its establishment, administration and solicitation of funds. As stated in your request, the Crow Company PAC is the registered separate segregated fund of the Trammell Crow Company, a Texas corporation. All of the capital stock of the Trammell Crow Company is owned by the Crow Partnership.

Based on this factual situation you ask the Commission's guidance on the following four questions:

1. May a political committee established by a limited partnership solicit any individual who may make a lawful contribution under the Act?

2. May the Trammell Crow Company, a Texas corporation, provide the Partners Committee with the services of regular corporate employees to provide the Partners Committee with legal and accounting assistance solely for the purpose of ensuring compliance with the Act assuming that the Partners Committee will not reimburse the corporation for the time expended by such employees?
3. Does the term "stockholder" defined at 11 CFR 114.1(h) include the partners of a partnership which is the sole stockholder of a corporation so as to permit the Crow Company PAC to solicit contributions from the partners of the Trammell Crow Partnership which owns all capital stock of the corporation?
4. To what extent must the Partners Committee and the Crow Company PAC aggregate contributions by a single contributor to both committees and contributions by the committees to a single candidate? Are the two committees deemed affiliated under the Act?

In response to your first question, the Commission concludes that under the Act a political committee established by a limited partnership is treated the same as any other political committee which is not the separate segregated fund of a corporation. Thus, a political committee established by the Crow Partnership, a limited partnership, would be free to solicit contributions from any individual who could otherwise make a lawful contribution under the Act. Permissible solicitees of the Partners Committee may include non-corporate partners of the Crow Partnership; non-corporate partners of other limited or general partnerships in which the Crow Partnership owns a partnership interest; and the executive and administrative personnel of both the Crow Partnership and other general partnerships.

With regard to question 2 concerning legal and accounting services, the Commission concludes that, subject to Commission regulations at 11 CFR 114.1(a)(2)(vii), the Trammell Crow Company may provide the Partners Committee with corporate employees who render legal and accounting services solely for the purpose of ensuring the Committee's compliance with the Act. See 2 U.S.C. 431(8)(B)(ix).^{*} Your request states that the Partners Committee will not pay or otherwise reimburse the corporation for the described compliance services which will be rendered only by employees who are regularly employed by the corporation. While such an arrangement would not result in a contribution from the corporation to the Partners Committee, the Committee would be required to report the compensation attributable to these services in accordance with the Act and Commission regulations at 11 CFR 104.

In question 3 you ask whether the partners of the Crow Partnership may be solicited for contributions to the Crow Company PAC on the basis that those partners are, in effect, stockholders of the corporation. The Commission concludes that individuals who have a

^{*} The Federal Election Campaign Act Amendments of 1979 have changed the language of the legal and accounting services exemption presently codified at 2 U.S.C. 431(e)(4). The citation above is to the newly amended language. The new definitional provisions are contained in section 101 of the 1979 Amendments. Public Law No. 96-187 (1980).

partnership interest in the Crow Partnership may be solicited for contributions to the Crow Company PAC. Commission regulations at 11 CFR 114.5(g)(1) permit a corporation to solicit contributions to a separate segregated fund from executive personnel of the corporation's subsidiaries and affiliates. The Commission has frequently considered parent corporations and corporations operating under franchise agreements to be affiliates of subsidiary corporations and the franchise issuing corporations respectively, e.g., Advisory Opinions 1979-44, 1979-38, and 1977-70 (copies enclosed). In addition, the Commission held in Advisory Opinion 1978-75 that stockholders of the parent corporation of a wholly owned subsidiary may be solicited by the political fund of the subsidiary since stockholders of the parent are also, in effect, stockholders of the wholly owned subsidiary and since the separate segregated funds established by the parent or subsidiary would be subject to one set of contribution limits under 2 U.S.C. 441a(a). The situation presented in this opinion is materially indistinguishable. The individual partners, through the Crow Partnership, own all the stock of the Trammell Crow Company and, as discussed in response to question 4 below, the Partnership Committee (which is not under the solicitable class limitations of 2 U.S.C. 441b) and the Crow Company PAC are affiliated political committees for purposes of the Act's contribution limits. Accordingly, the Crow Company PAC may solicit those individuals who are partners of the Crow Partnership.

With regard to question 4 concerning the relationship between the Partners Committee and Crow Company PAC, you state that certain individuals who were instrumental in establishing the Partners Committee are executive officers of Crow Company as well as partners in the Crow Partnership. Based on this information and on the fact that the Crow Partnership owns all capital stock of the Trammell Crow Company, the Commission concludes that the Partners Committee is affiliated with the Crow Company PAC. The indicia for determining affiliation between political committees established, financed, maintained, or controlled by the same person or group of persons include: "ownership of a controlling interest in voting shares or securities." 11 CFR 100.14(c)(2)(ii)(A).

The partnership's ownership of controlling stock interest in the corporation and the fact that executive officers of the Trammell Crow Company are also partners of the Crow Partnership indicate an affiliated relationship between the Crow Partnership and the Trammell Crow Company, for purposes of the Act. Based on that relationship the Partners Committee and the Crow Company PAC are affiliated political committees. 2 U.S.C. 441a(a)(5) and 11 CFR 110.3(a)(1). Accordingly, all contributions made or received by either committee would be considered as made or received by a single committee for purposes of the contribution limits of 2 U.S.C. 441a(a). Each committee retains its separate identity for purposes of filing reports and statements required by the Act. See Advisory Opinions 1979-56 and 1979-68, copies enclosed.

In addition, both committees are required to identify each other as affiliated committees on their Statements of Organization. 2 U.S.C. 433(b)(2), 11 CFR 102.2(b)(1).

This response constitutes an advisory opinion concerning the application of the Act, or a regulation prescribed by the Commission, to the specific transaction or activity set forth in your request. See 2 U.S.C. 437f.

Sincerely yours,

(signed)

Robert O. Tiernan
Chairman for the
Federal Election Commission

Enclosures (AO 1979-68, 1979-56, 1979-44, 1979-38, 1977-70)