



FEDERAL ELECTION COMMISSION
Washington, DC 20463

April 25, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1980-18

Mr. Jerome H. Kearns
Mr. J. Michael Cooney
Dinsmore, Shohl, Coates & Deupree
2100 Fountain Square Plaza
511 Walnut Street
Cincinnati, Ohio 45202

Dear Mr. Kearns and Mr. Cooney:

This responds to your letter of February 25, 1980, requesting an advisory opinion on behalf of the National Bank of Florida, the Bank of Florida in South Florida, The Kanter Corporation, and the ITI Corporation Political Action Committee ("KAN PAC") concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), to KAN PAC's proposal to allocate the costs of its establishment, administration and solicitation of contributions.

Your letter states that four affiliated corporations: The Kanter Corporation, ITI Corporation, National Bank of Florida and the Bank of Florida in South Florida; propose to establish a political action committee¹. You assert that these corporations meet the indicia of affiliation set forth in Commission regulations 11 CFR 100.14(c)(2)(ii)(A) and 110.3(a)(1)(iii)(A) in that a controlling interest in the voting stock of each company is owned beneficially as follows:

1. The Kanter Corporation is owed 100% by Joseph H. Kanter and members of his immediate family.

¹ According to the proposed Statement of Organization (FEC Form 1) submitted with your request, the KAN PAC's official name will include the names of all four corporations as required under 2 U.S.C. 432. See also 102.14 of Commission regulations 15 Fed. Reg. 15108, March 7, 1980, effective April 1, 1980 and Advisory Opinions 1980-23 and 1980-10, copies enclosed.

2. ITI corporation is owned approximately 31% by The Kanter Corporation and approximately 19% by Joseph H. Kanter.
3. National Banking Corporation of Florida is owned approximately 65% (common stock) by Joseph H. Kanter with conversion rights in preferred stock which if converted would total approximately 97% of the total outstanding voting stock of the corporation. National Banking Corporation of Florida is a holding company and in turn owns 99% of the National Bank of Florida.
4. Bank of Florida in South Florida is owned approximately 87% by Joseph H. Kanter.

Under Article III of KAN PAC's Articles of Organization the expenses for soliciting the appropriate employees or stockholders of the respective corporations would be paid by the corporation whose stockholders and/or employees are solicited. Under this provision, the National Bank of Florida will also bear the cost of any solicitation of the shareholders of its parent company, National Banking Corporation of Florida. General administration expenses, such as bookkeeping, which are not specifically allocable to solicitation of individuals would be offered equally among the four corporations. You have asked whether this allocation arrangement is permissible under the Act and regulations.

Under 2 U.S.C. 441b(b)(2)(C) a corporation is permitted to use its general treasury funds to pay for the costs of establishing, administering, and soliciting contributions to its separate segregated fund. The payment of such expenses is not considered a reportable contribution or expenditure under the Act. 2 U.S.C. 431(8)(B)(vi), 431(9)(B)(v). Accordingly, since joint sponsorship of KAN PAC is permissible in the circumstances presented,² the Commission

² Compare Advisory Opinion 1976-73 (copy enclosed) which is distinguishable in that the two organizations there described did not have the requisite affiliated relationship with each other. Section 441a(a)(5) and the regulations specifically address the case of several affiliated organizations each having their own fund or political committee. They do not, however, preclude the situation presented here where those affiliated organizations jointly sponsor a single political committee or separate segregated fund. The Commission has issued a number of advisory opinions where several corporations, which were related to each other as subsidiaries of the same parent corporation or through franchise agreements, were permitted to solicit lawful contributions to a single separate segregated fund on the basis, at least in part, that multiple political funds of those interrelated entities would be treated as a single fund for purposes of the contribution limits in 2 U.S.C. 441a. See Advisory Opinions 1979-77, 1979-44, 1979-38, 1978-75, 1978-61, and 1977-70, copies enclosed.

concludes that nothing in the Act or Commission regulations would prohibit allocation of the exempted expenses related to KAN PAC among the corporations identified in your request.³

This response constitutes an advisory opinion concerning application of the Act, or regulations 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

³ Article IV of KAN PAC's Articles of Organization empower KAN PAC "to solicit and accept voluntary contributions from individuals and other political committees." In this regard, the Commission notes that KAN PAC may generally solicit only the executive or administrative personnel, and the stockholders (and the families of both) of the National Bank of Florida, The National Banking Corporation of Florida, Bank of Florida in South Florida, the Kanter Corporation and ITI Corporation. See 11 CFR 114.5(g)(1). Under special conditions, other employees may be solicited twice yearly. 2 U.S.C. 441b(b)(4)(B), 11 CFR 114.6. Moreover, while KAN PAC may accept unsolicited voluntary contributions from persons otherwise permitted by law to make contributions and may designate such persons as "members" of KAN PAC under Article III, such status as a "member" does not provide KAN PAC with any greater right of solicitation than KAN PAC would otherwise have. See 11 CFR 114.1(c), 114.5(c)(2), and 114.5(j).