



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

October 13, 1981

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1981-42

Vernon F. Ravenscroft  
Consulting Associates, Inc.  
P.O. Box 893  
Boise, Idaho 83701

Dear Mr. Ravenscroft:

This responds to your September 1, 1981, letter requesting an advisory opinion on behalf of Consulting Associates, Inc., concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"). Consulting Associates ("Consulting") and the Fitzgerald For Congress Committee ("the Committee") are in conflict as to the liability on a debt to Exxon Office Systems for rental of a Qwip machine. You have inquired whether a contribution to the Committee would result if Consulting is forced to pay the disputed debt.

Consulting, a professional campaign management and consulting corporation, was employed by the Fitzgerald For Congress Committee during the period prior to the 1980 election to provide certain services for an agreed price plus expenses. Mrs. Pyle, then campaign manager for the Committee, signed a contract in Consulting's name with Exxon Office Systems Co. for the rental of two Qwip machines. One of the machines was delivered to the Committee while the other was delivered to Consulting. Mrs. Chenowith, a partner in Consulting, signed for and accepted the machine delivered to Consulting. After consultation with the candidate and the Committee<sup>1</sup> that machine was subsequently transferred to the candidate's home. According to Consulting, the Committee had the "vast majority of the usage" of the Qwip machines. Bills from Exxon were forwarded by Consulting to the Committee. At present neither the Committee nor Consulting has paid for the rental of the Qwip machines.<sup>2</sup> Consulting has asked the Commission for advice as to "our position" under the Act regarding contributions or loans to Federal candidates. Specifically, Consulting asks whether a contribution or loan would result if it is forced to pay the disputed debt to Exxon for the Qwip machines.

---

<sup>1</sup> It is unclear how long Consulting Associates retained control over the Qwip machine.

<sup>2</sup> In its 1981 Termination report, the Committee disclosed a debt of \$892.96 to Qwip Systems" for "equipment rental".

The term "contribution" includes "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 2 U.S.C. 431(8)(A). The term "anything of value" includes the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods. 11 CFR 100.7(a)(1)(iii). In addition, it is unlawful for a corporation to make a contribution in connection with a Federal election. 2 U.S.C. 441b. That section prohibits any corporation from providing "any direct or indirect payment,...or anything of value..." to any Federal candidate or campaign committee in connection with a Federal election. The use of the Qwip machines by the Committee, free of charge or at a reduced rate, would constitute a corporate contribution under the Act. See Advisory Opinion 1978-34, copy enclosed. Therefore, if Consulting is not obligated under its contract with the Committee to pay for the Qwip machines, a contribution would result in the event that Consulting pays for those machines or permits use of them at a reduced rate. A contribution would not occur, however, if Consulting pays the debt as a result of a court judgment holding it liable on the contract with Exxon Office Systems. However, it is not within the jurisdiction of the Commission to determine the obligations and rights arising under the contract between Consulting and the Committee. Such determinations are subject to relevant State law. See Advisory Opinion 1979-1 citing Advisory Opinion 1975-102, copies enclosed.

Apart from the contractual issues, a contribution to the Committee could result if Consulting treats the Committee differently in this situation than it would treat its other commercial clients in similar circumstances. 11 CFR 100.7(a)(4) provides that "the extension of credit by any person for a length of time beyond normal business or trade practice is a contribution, unless the creditor has made a commercially reasonable attempt to collect the debt."

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,

(signed)

John Warren McGarry  
Chairman for the  
Federal Election Commission

Enclosures (AOs 1979-1, 1978-34 and 1975-102)