



FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 26, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1986-32

Carl W. Divelbiss
626 Phelps Dodge Tower
2600 North Central Avenue
Phoenix, Arizona 85004

Dear Mr. Divelbiss:

This responds to your letter of August 19, 1986, requesting an advisory opinion on behalf of the Sino American Cooperative organization Political Action Committee (SACO/PAC or "the Committee") concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), and Commission regulations to a proposed refund of contributions by the Committee.

You state that SACO/PAC registered with the Commission on August 20, 1984. The Committee's Statement of Organization indicates that SACO/PAC is the separate segregated fund of Sino American Cooperative Organization, Inc. (SACO). You state that SACO/PAC made no contributions to any candidate during 1984 or at any time thereafter. You note that the Committee raised a total of only \$4,285, out of which one expenditure, in the amount of \$7.41, was made, leaving a net amount of \$4,277.59. You state that the funds have been kept in an interest-bearing account, and that the total amount of cash-on-hand has now reached \$4,709.14.

Your request states that contributions to SACO/PAC fell far short of the original goal. You note that many of the Committee's contributors became disillusioned and have been reluctant to make any further contributions. They have also indicated a desire that SACO/PAC be terminated and the contributions refunded. Accordingly, you state that SACO/PAC wishes to refund the net contribution to each contributor and, after paying any expenses it incurs in making this distribution, pay any remaining funds to Sino American Cooperative Organization Inc. (SACO) as a means of reimbursing SACO for the costs it incurred in the initial solicitation it made on behalf of SACO/PAC. You note that the balance on hand may not permit full reimbursement to SACO. Following this distribution, SACO/PAC would be dissolved.

You explain that a question has arisen regarding this proposed dissolution because of a provision in SACO/PAC's bylaws. According to Article XII of these bylaws, if SACO/PAC is dissolved, all funds remaining in its campaign depository must be divided equally and donated to the Republican and Democratic parties. According to your request, the members of SACO would prefer to refund the contributions to the contributors.

In light of these facts, you ask whether SACO/PAC may amend its bylaws to permit the proposed distribution of its remaining funds, and whether, if the proposed bylaws amendments are permissible, the Committee may refund all its contributions and pay any remaining balance to SACO.

The Commission concludes that nothing in the Act or Commission regulations would prohibit SACO/PAC from amending its bylaws regarding dissolution. The Act does not require a political committee to have bylaws, and even if a political committee has bylaws, it is not required to file them with the Commission. The proposed change in SACO-PAC's bylaws would not be covered by the Act and therefore would not be prohibited.

In answer to your second question, the Commission concludes that the proposed refund of all contributions made to the Committee, followed by the payment of any remaining balance to its connected organization, would be permitted insofar as the Act is concerned. The Commission has stated in previous advisory opinions that a separate segregated fund may expend its funds for any lawful purpose consistent with the Act and Commission regulations. See Advisory Opinions 1983-4 and 1979-42. The proposed disposition of the Committee's funds would constitute such a lawful purpose insofar as the Act and Commission regulations are concerned.

The Commission notes that the proposed refunds to contributors and payment of any remaining balance to SACO would be reportable as disbursements under 11 CFR 104.3(b)(1) and (b)(3). In addition, SACO/PAC may terminate its activities only upon filing a termination report pursuant to Commission regulations at 11 CFR 102.3(a).

The Commission expresses no opinion as to the application of any other Federal or State statute to the situation presented here since those issues are outside its jurisdiction.

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.

Sincerely yours,

(signed)

Joan D. Aikens
Chairman for the
Federal Election Commission

Enclosures (AOs 1983-4, 1979-42)