

MAR 23 9 46 AM '92

H&R Block Inc  
Corporate Headquarters  
4410 Main Street  
Kansas City Missouri 64111  
(816) 932 8480

James H. Ingraham  
Secretary and  
Associate Corporate Counsel

March 18, 1992

Federal Election Commission  
Office of General Counsel  
Attention: Jonathan Levin  
999 E Street, N.W.  
Washington, D. C. 20463

Re: AOR 1992-07

Supplement To  
AOR 1992-07

92 MAR 23 PM 4:12

Dear Mr. Levin:

This letter will summarize my responses to your questions posed during our telephone conversation on Tuesday, March 17, 1992, in connection with the request for advisory opinion of H & R Block, Inc., and The H & R Block Political Action Committee.

During our conversation, you made reference to the second full paragraph on page 2 of my letter dated February 10, 1992, in which I stated that, during the 1991 tax season, a total of 22 major franchisees operated 848 franchised offices and had an additional 599 subfranchised tax offices in their major franchise areas. I also stated that a total of 2,133 satellite franchisees operated a total of 3,421 satellite offices (franchised directly by Block) during the 1991 tax season.

As is noted in my letter, major franchises generally cover larger areas, typically larger cities, one or more counties or all or part of a state. During 1991, the 22 major franchisees directly operated 848 H & R Block tax offices. As is permitted by their franchise agreements, the major franchisees also granted subfranchises within their major franchise territories. For example, if a major franchise territory covers an entire state, the major franchisee may operate the tax offices in the larger cities in the state and grant subfranchises for smaller towns within the state. During the 1991 tax season, there were 599 tax offices operated by subfranchisees of major franchisees. As I indicated to you, our request for an advisory opinion does not include a request for your opinion as to whether BLOCKPAC may solicit the subfranchisees of major franchisees or the executive and administrative employees of such subfranchisees. We are concerned at this point only with the major franchisees and the satellite franchisees who are parties to franchise agreements with H & R Block, Inc., as well as the executive and administrative employees of such major franchisees and satellite franchisees.

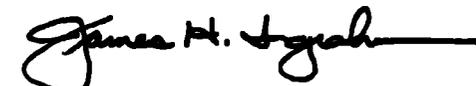
As the figures relating to the number of offices operated by major franchisees and satellite franchisees indicate, major franchisees, with larger franchise territories, generally operate more than just a few tax offices. Many major franchise holders are now corporations. Generally speaking, the major franchise was initially granted by H & R Block, Inc., to an individual who later transferred the franchise agreement to a controlled corporation in the manner described under "Assignability of Agreements" on page 5 of my letter dated February 10, 1992. The controlled corporation usually has only a few shareholders. The original individual franchisee is generally the principal who remains personally liable for the obligations of the controlled entity.

The satellite franchisee has a much smaller franchise territory, generally a community with a population of 15,000 or less, and most satellite franchisees operate just one or two tax offices within the franchise territory. Most satellite franchise holders are individuals and not corporations or partnerships, although some individual satellite franchisees have chosen to transfer their franchise agreements to a controlled corporation or partnership. Again, the individual to whom the franchise was originally granted generally remains personally liable for the obligations of the controlled entity, unless another "principal" is appointed and approved by Block.

Although some of our major franchisees and satellite franchisees are corporate entities, our request for an advisory opinion does not include a request for your opinion as to whether BLOCKPAC may solicit the shareholders of such corporate franchisees in their capacity as shareholders. As I indicated to you, since the substantial majority of corporate franchisees are controlled corporations, many of the executive and administrative employees of such franchisees will also be shareholders. Our desire is to solicit the executive and administrative employees of the major and satellite franchisees. If the franchise is held by an individual and not a corporation or partnership, it is our intent to solicit the franchise owner himself or herself and, if any, his or her executive and administrative employees.

If you need additional information or have additional questions, please do not hesitate to call me. My direct line is set forth in the letterhead above.

Sincerely,



James H. Ingraham