

Atlantic Research Corporation
a unit of Sequa Corporation

1577 Spring Hill Road
Vienna, Virginia 22182
703 448-2910

Carlyle C. Ring, Jr.
Vice President and General Counsel

RECEIVED
FEDERAL ELECTION
COMMISSION
ADMINISTRATIVE

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May 10, 1994

Federal Election Commission
Office of General Counsel
999 E Street, NW
Washington, DC 20463

AOR 1994-16

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COMMISSION
OFFICE OF GENERAL
COUNSEL
MAY 16 10 02 AM '94

Re: Atlantic Research Corporation Political Action Committee ("ARC PAC")

Gentlemen:

I am writing to request an advisory opinion on the following three questions:

1. Company A acquires Company B. Both companies have PACs. Subsequent to the acquisition, Company B's PAC is merged into Company A's PAC for FEC reporting purposes. However, PAC activities of A and B (receipts and distributions) continue to be tracked separately on an internal basis due to their differing businesses. Several years later, the former Company B is sold to Company C, which also has a PAC. May the remaining assets held in Company A's PAC which are attributable to Company B employees' contributions be transferred directly to Company C's PAC?
2. As an alternative to a transfer of assets to Company C's PAC, is it permissible to refund to the contributors their pro rata contributions remaining in Company B's account now that they are employees of Company C?
3. If no transfer or refund of assets remaining in Company B's account can be effected, is it permissible for Company A to retain within its PAC those assets which were contributed by individuals who are now employees of Company C, even though Company A would disburse those funds as its PAC Committee deems appropriate?

Background Information

ARC PAC was established in 1987 and is administered by a committee of four members of Atlantic Research Corporation's senior management, of which I am one. In 1987, Atlantic Research Corporation (ARC) acquired the ORI Group, Inc. (ORI), which became a wholly owned subsidiary of ARC. ORI had an existing PAC, the ORI Group Political Action Committee (ORI PAC), which was left in place after the acquisition. Subsequently, the

name of the ORI Group, Inc. was changed to the ARC Professional Services Group (ARC PSG), and the name of its PAC was changed to the ARC PSG Political Action Committee (ARC PSG PAC). ARC PSG PAC continued to be maintained and reported separate from ARC PAC.

Effective May 1, 1990, ARC PSG PAC was merged into ARC PAC. This was done to review contributions on a combined basis to ensure that FEC rules on maximum contributions per election were complied with, and to effect certain reporting and control efficiencies. However, ARC PAC maintained two sub funds for internal accounting purposes to track the activity of the Aerospace segment (the original ARC PAC) and the Professional Services segment (the former ARC PSG PAC). Separate recommendations of contributions to be made by the respective segments were considered by the ARC PAC Committee, based on the often differing legislative interests of these two business segments.

Effective December 30, 1993, ARC PSG was sold to Computer Sciences Corporation (CSC). CSC has a PAC (CSC PAC). Effective as of the sale date, contributions to ARC PAC by ARC PSG employees were stopped. At that date, approximately \$30,000 which had been contributed by ARC PSG employees remained in ARC PAC. That money has remained in the separate internal account since December 30, 1993, pending a decision as to its disposition, which is the reason for this request for an advisory opinion.

The ARC PAC Committee believes that the funds remaining which relate to contributions by ARC PSG employees should be transferred to the PAC of CSC. These funds were contributed by these individuals to ARC PAC in the belief that they would be used to advance the interests of the Professional Services segment of ARC, as opposed to the Aerospace segment. CSC, the new owner of the former ARC PSG, is a Professional Services company. The agenda of its PAC will coincide with the interests of the former ARC PSG element of ARC PAC much more closely than will the agenda of the surviving ARC PAC. In fairness, both ARC and CSC believe that the best course of action is to transfer these funds directly from ARC PAC to CSC PAC.

Advisory Opinions Requested

I am requesting advisory opinions on three specific questions, as follows:

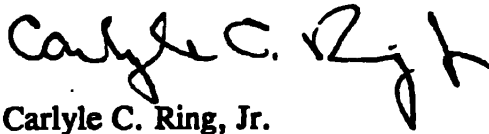
1. May ARC PAC transfer directly to CSC PAC the funds remaining from contributions made by ARC PSG employees, who are now employees of CSC.
 2. If it is not permissible to transfer the funds noted in #1 directly from ARC PAC to CSC PAC, may ARC PAC return the funds to the individual contributors, who are now employees of CSC. Presumably, the basis for such a return would be last contributed/first returned. Alternatively, may ARC PAC transfer the funds directly to CSC for return to the individual employees.
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Atlantic Research Corporation

3. If neither of the transfer procedures (#'s 1 and 2 above) are permissible, is it proper under the law and regulations for ARC PAC to retain and utilize the funds contributed by the former ARC PSG employees, even though they are now CSC employees and the candidates to whom these funds would be distributed by ARC PAC may well be different from the candidates, based on the different legislative interests of the two companies (ARC and CSC).

Your prompt attention to this request will be greatly appreciated. Should you have any questions, please contact me directly at 703 448-2910.

Sincerely,

A handwritten signature in black ink that reads "Carlyle C. Ring, Jr." with a stylized flourish at the end.

Carlyle C. Ring, Jr.

cc: H. Bernstein
J. Boe

