

Allison

FEDERAL ELECTION
COMMISSION
MAIL ROOM

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PTW: T95-0300
March 16, 1995

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

To whom it may concern:

On behalf of Allison Engine Company Political Action Committee (PAC), I am submitting the attached bylaws and requesting an Advisory Opinion from the Federal Election Commission (FEC) as to sufficiency of the institutional safeguards to prohibit any foreign influence upon the operation of this PAC.

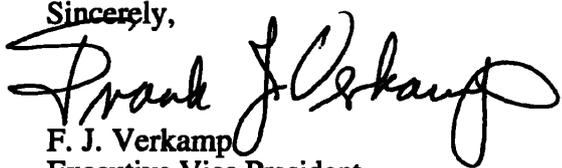
Allison Engine Company is a corporation, organized under the laws of the State of Delaware, located and with a principal place of business in Indianapolis, Indiana. To quote from an FEC Advisory Opinion, "under 22 U.S.C. §611(b), a corporation organized under the laws of any state within the United States, with a principal place of business within the United States, is not a foreign principal and, accordingly, would not be a foreign national under 2 U.S.C. §441(e)." (3 A.O.1990-8.) As a U.S. entity with an established PAC, Allison is seeking to ensure that there will be no contributions by foreign nationals nor influence or control of disbursements of the PAC after Allison Engine Company, Inc. is acquired by Rolls-Royce plc, a corporation registered in England, consistent with Federal Election Commission rulings, (See Advisory Opinions 1990-8, 1989-29, 1983-31, 1983-19, 1982-34, 1981-36, 1980-111, 1980-100, and 1978-21). Therefore, the attached bylaws have been adopted.

The PAC proposes to disburse the individual contributor-designated contributions in October of each year, within the first ten days of the month. I have included with the bylaws a copy of the cover letter which will accompany these checks. Please respond as to whether the Federal Election Commission requires additional information in the transmittal letter and as to whether this procedure meets the FEC guidelines pertaining to forwarding earmarked contributions.

Finally, Allison Engine Company PAC now meets all requirements for Multicandidate Status. Please provide the PAC with the appropriate notification form.

If the Commission desires additional information, please contact Paul Weber, Contracts Coordinator, at (317) 230-2239

Sincerely,



F. J. Verkamp
Executive Vice President
Contracts and Marketing

/cjm

Sent by OGC fax on 4-3-95

Enclosures

March 16, 1995

Whereas: on July 19, 1994 at the Board of Directors meeting of Allison Engine Company, Inc., the Board by resolution authorized the establishment of a Political Action Committee to be designated "Allison Engine Company Political Action Committee" ("PAC"), and;

Whereas, on November 21, 1994, Rolls-Royce plc indicated its intention to acquire Allison Engine Company, Inc. by purchasing one hundred percent of the stock, and;

Whereas, the Allison Engine Company Political Action Committee receives voluntary contributions from Allison Engine Company, Inc. employees and makes disbursements to political candidates on behalf of such employees, and;

Whereas, the Allison Engine Company Political Action Committee, in order to be in compliance with all U.S. laws pertaining to foreign involvement in Political Action Committees wishes to adopt the following bylaws and directs that they be submitted to the Federal Election Commission with a request for an Advisory Opinion concerning these bylaws,

Now, Therefore, the Allison Engine Company Political Action Committee does hereby adopt the following bylaws:

1. The members of the Allison Engine Company PAC are as follows: Frank Verkamp, Executive Vice President Contracts and Marketing, John Arvin, Vice President Large Military Engine, Jim Lunsford, Vice President Industrial Engines, Al Novick, Vice President Large Commercial Engines, Tommy Thomason, Vice President Small Engines, Eric Dickerson, Manager, Public Relations, Beth Taylor, Senior Analyst, Finance Department, Brian Gannon, Senior Contracts Manager, Paul Weber, Contracts Coordinator, and Billie Jo Weatherford, Executive Secretary, Office of the Chief Financial Officer. All members of the PAC are U.S. citizens. A simple majority is a quorum, except when changes to membership of the PAC are considered in which case a quorum shall be seventy (70) percent of the membership of the PAC then affiliated with Allison Engine Company, Inc.
2. The PAC elects as Treasurer Beth Taylor, as Assistant Treasurer Brian Gannon, and as Secretary Billie Jo Weatherford.
3. Changes to the PAC are to be made by a majority vote of the PAC, subject to the quorum requirements of Paragraph One. All members of the PAC must be United States citizens. To the degree possible, changes to the PAC membership should maintain representation by those Departments represented by the membership in Paragraph One.
4. Contributions to the PAC shall only be made on a voluntary basis by employees of Allison Engine Company, Inc., or by employees of any

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of Allison Engine Company, Inc.'s wholly owned U.S. subsidiaries or divisions, as may be formed and subsequently modified from time to time. All contributors must be U.S. citizens.

- 5. Citizenship of voluntary contributors and of the members of the PAC shall be verified by the Personnel Department utilizing documents currently required under federal law to establish citizenship upon employment.**
- 6. No corporate funds shall be used as contributions to the PAC.**
- 7. Disbursements are determined by a majority vote of the PAC, said vote may be taken only when a quorum of the members are present.**
- 8. Individual voluntary contributors may designate up to three (3) candidates or political organizations to receive one disbursement a year in the amount determined by the contributor. Contributors must certify that they were not influenced by any intervention or action by a foreign national to make the designation. Such determination may be made yearly using the attached form. Disbursements made in accordance with a contributor's designation will be accompanied by a transmittal letter indicating the disbursement was made pursuant to the individual contributor's designation and does not reflect any official determination by the Allison Engine Company Political Action Committee.**
- 9. Members of the Political Action Committee shall disclose any effort by a foreign national to influence the disbursement of PAC funds to political candidates. No disbursements shall be made on the basis of any intervention or action by a foreign national to influence that disbursement.**
- 10. Disbursements may be made to candidates or political organizations at the local, state, or federal level.**
- 11. The Treasurer is authorized to sign disbursement checks up to \$5,000. Disbursements of \$5,000 or more will require the signature of the Assistant Treasurer. Each disbursement will require a check authorization form. Authorization will be subject to the PAC's determination.**
- 12. The Treasurer shall establish and maintain upon approval of the PAC an appropriate checking or similar account solely for contributions to and disbursements by the PAC.**

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13. The Treasurer is responsible for all required filings to the Federal Elections Commission and to any other body with appropriate jurisdiction at the state or local levels. If the Treasurer is not available, the Assistant Treasurer or Secretary shall undertake this responsibility.

14. The Allison Engine Company Political Action Committee meetings are to be held at least once per fiscal quarter or as scheduled by the PAC.



Allison Engine Company Political Action Committee
P.O. Box 420, Speed Code U24A - Indianapolis, IN 46241

CONTRIBUTION ELECTION FORM

Contributor's Name (Please Print) _____

Social Security Number _____

Home Address (Street) _____

Job Title /Position & Location _____

(City) _____ (State) _____ (Zip) _____

Work Telephone Number _____

The above information is needed to comply with Federal and State requirements. Allison Engine Company Political Action Committee can legally accept contributions only from U.S. Citizens or persons admitted to permanent U.S. residence.

On receipt of this notice, Allison Engine Company is authorized to make the following deductions from my salary each month and forward the funds to the Treasurer, Allison Engine Company Political Action Committee.

_____ **PAYROLL DEDUCTION** Deduct \$ _____

Please deduct from my monthly salary the amount that I have indicated until amended or revoked by me by written notice to the Treasurer, Allison Engine Company Political Action Committee.

or

_____ **PERSONAL CHECK** I wish to make a contribution to the Allison Engine Company Political Action Committee for:

Amount \$ _____

I have been informed that I will gain no favor nor incur either reprisal or disadvantage in the Company by reason of the amount given, or my decision not to contribute.

I wish to designate my contribution be distributed to the following candidate(s):

	<u>Percent of \$'s</u>
Name: _____ Address: _____	_____ %
Name: _____ Address: _____	_____ %
Name: _____ Address: _____	_____ %

Designated disbursements will be made in October of each year. After October, you will need to re-designate your contribution for the coming year. By signing this document, I certify that I have not been influenced by any intervention or action by a foreign national on behalf of this designation.

If no designee is named, the Allison Engine Company Political Action Committee will distribute the contributions.

SIGNATURE:

_____ Authorization and Acknowledgment of Participation Information

_____ Date

Please return completed form to Speed Code U24A

March 6, 1995

Address

Dear _____:

Enclosed, please find a check in the amount of \$_____ from the Allison Engine Company Inc., Political Action Committee.

The amount was determined through the specific request of one or more Allison Engine Company employee(s) who designated all or a portion of their voluntary contribution. This check does not represent a decision by the Allison Engine Company Inc. Political Action Committee, but solely reflects the designated request of the voluntary contribution(s).

Sincerely,

Beth A. Taylor
Treasurer
Allison Engine Company Inc.
Political Action Committee

/bjw

Enclosure



PTW:T95-0371
April 27 1995

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

AOR 1995-15

Reference: Letter of March 16, 1995 to Federal Election Commission (PTW T95-0300)

To whom it may concern:

On behalf of Allison Engine Company Political Action Committee (PAC), I am submitting additional information to the referenced Allison Political Action Committee request for an Advisory Opinion from the Federal Election Commission (FEC). The information in this letter is in response to communications with Mr. Brad Litchfield of the FEC Office of the General Counsel. The issues raised in the March 16, 1995 are repeated in this letter for clarity.

Allison Engine Company is a corporation, organized under the laws of the State of Delaware, located and with a principal place of business in Indianapolis, Indiana. To quote from an FEC Advisory Opinion, "under 22 U.S.C. §611(b), a corporation organized under the laws of any state within the United States, with a principal place of business within the United States, is not a foreign principal and, accordingly, would not be a foreign national under 2 U.S.C. §441(e)." (3 A.O.1990-8.) As a U.S. entity with an established PAC, Allison is seeking to ensure that there will be no contributions by foreign nationals nor influence or control of disbursements of the PAC after Allison Engine Company, Inc. is acquired by Rolls-Royce plc, a corporation registered in England, consistent with Federal Election Commission rulings, (See Advisory Opinions 1990-8, 1989-29, 1983-31, 1983-19, 1982-34, 1981-36, 1980-111, 1980-100, and 1978-21). Therefore, the attached bylaws have been adopted. Based upon conversations with the FEC, I have also enclosed an amendment to the PACs bylaws which explicitly recognizes that a decision pertaining to the membership of the Political Action Committee is vested exclusively in U.S. citizens without any control or supervision by any foreign nationals.

As mentioned in the previous letter, the Allison PAC proposes an earmarking program whereby voluntary contributors, at the time of their contribution election, may designate up to three candidates or political organizations to receive one disbursement a year in the amount determined by the contributor. I have included a copy of the Allison PAC contribution election form which includes an FEC-suggested revision to the disclosure to read "The above information is needed to comply with Federal and State requirements or for the Allison PAC's administrative convenience."

These funds so designated are deposited in the PAC's separate segregated fund and the amount of the funds are determined through administrative record keeping. In October of each year, the funds are disbursed to the designated candidates and the voluntary contributors must redesignate if they wish to direct funds to specific candidates or political organizations for the next year. Pursuant to AO 1991-29, the Allison Political Action Committee reports these receipts as contributions to the PAC and the disbursements as PAC contribution to candidates. A letter accompanies each disbursement made through such designation indicating the disbursement was made pursuant to the individual contributor's designation and does not reflect any official determination by the Allison Engine Company Political Action Committee.



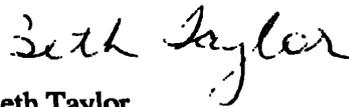
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For example, an employee contributing \$30 per month (for a total of \$360 per year) may choose to designate that one-third goes to Candidate A, one third goes to Candidate B, with the remaining third being dispersed pursuant to the determination of the PAC. Each month the thirty dollars is deposited into the PAC separate segregated fund. In October of each year PAC checks with accompanying letters are sent to Candidate A in the amount of \$120 and to Candidate B for the same amount pursuant to the voluntary contributor's designation. The PAC will determine what disbursements, if any, are to be made with the remaining \$120. The total \$360 is reported to the FEC in standard fashion and all disbursements, including the \$120 to both Candidates A and B, are counted against the PAC's limit for the election cycle. Another example is that an employee may notify the PAC that he or she wishes to make a determination later in the year. In such cases, the opportunity is afforded that individual to designate a candidate in October of each year or shortly before. The standard letter would accompany any disbursement so made and the funding is treated as mentioned above for reporting requirements and for contribution limits.

Finally, the PAC seeks clarification in the Advisory Opinion as to allowing salaried, non-managerial employees who receive a solicitation at home no more than twice a year to utilize the attached contribution election form to establish a fully revocable payroll deduction as their method of contribution, rather than requiring them to write a check. The March 1994 Campaign Guide for Corporations and Labor Organizations provides that "in a payroll deduction plan, an employee authorizes the periodic deduction of SS contributions from his or her paycheck. A written authorization must be obtained before making the deduction." (March 1994 Campaign Guide at 17) Does the written authorization solicited through mailing directly to the home address of non-restricted class employees provide a basis acceptable to the FEC for Allison to establish payroll deductions from the employees paycheck to the Allison PAC separate segregated fund? It should be noted that the non-restricted class of employees does not include employees covered in a collective bargaining unit. Allison Engine Company's hourly employees are represented by the United Auto Workers. Any participation by these employees would be in the United Auto Workers PAC, not the Allison Engine Company PAC.

If the Commission desires additional information, please contact Paul Weber, Contracts Coordinator, at (317) 230-2239.

Sincerely,



Beth Taylor
Treasurer
Allison Political Action Committee