FEDERAL ELECTION COMMISSION
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DEM. TELETHON LOAN
GUARANTEES RULED "CONTRIBUTIONS"

WASHINGTON - JULY 9- The Federal Election Commission today ruled that any "loan or guarantee" to the Democratic National Committee's proposed national telethon would be considered a "contribution" subject to the contribution limits of the campaign financing act.

The law states that "no individual shall make contributions aggregating more than $25,000 in any calendar year."

The Commission said that the "contribution" of a guarantor or endorser of a Telethon loan would be reduced or eliminated as the loan is repaid.

In an Advisory Opinion issued this afternoon the Commission rejected a DNC proposal that there must be a "direct and substantial relationship between the transfer of money or other things of value and the furtherance of the candidacy of a particular individual or group of individuals" for a loan to be considered a "contribution". The Commission ruled instead that "ultimately the election of its designated candidates is the purpose of any transfer of money or other thing of value to an organized political party."

"To rule as you request, would lead logically to the conclusion that any contribution to an organized political party would not come within the statutory definition of contribution unless 'earmarked' for a particular candidate's campaign," the Commission wrote the DNC.

The Commission added, "The effect of such a ruling would be to disadvantage any third party candidacies which ordinarily coalesce primarily around the candidacy of a named candidate since such a party would not claim that contributions to it were for a purpose other than to influence the election of the party's candidate for federal office."

The Commission agreed in the Advisory Opinion to numerous technical proposals of the DNC relating to reporting and disclosure procedures of national telethon funds.

-30-