**JANUARY REPORTING SCHEDULE**

All registered political committees must file a year-end report, due January 31, 1986. The chart below indicates the coverage and filing dates for the different types of committees. See page 2 for information on where to file reports. To obtain more information, contact the FEC's Information Services by calling 202/523-4068 or toll free 800/424-9530.

<table>
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<tr>
<th>Type of Filer</th>
<th>Coverage Period</th>
<th>Filing Date</th>
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<tbody>
<tr>
<td>Newly Registered Committees*</td>
<td>Beginning of Activity through December 31</td>
<td>January 31</td>
</tr>
<tr>
<td>Authorized Congressional Committees/Semiannual</td>
<td>July 1* through December 31</td>
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<tr>
<td>Authorized Presidential Committees/Quarterly</td>
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<tr>
<td>Authorized Presidential Committees/Monthly***</td>
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<tr>
<td>Unauthorized Committees/Semiannual</td>
<td>July 1* through December 31</td>
<td>January 31</td>
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<tr>
<td>Unauthorized Committees/Monthly***</td>
<td>December 1 through December 31</td>
<td>January 31</td>
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</tbody>
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*This category applies to any committee which is filing its first report.

**Or from the closing date of the last report filed.

***Filed in lieu of a monthly report, otherwise due in January 1986.

**NEW FEC HEADQUARTERS**

On November 23, 1985, the Commission began moving into its new headquarters at 999 E Street, N.W., Washington, D.C. 20463. By the end of November, the Commissioners, the Deputies to Ex-Officio Members, the Staff Director, the Data Division, Administration, Personnel and the FEC Depository Library had moved to the agency's new E Street headquarters. By December 9, the Office of General Counsel, the Audit Division, the Reports Analysis Division and the National Clearinghouse on Election Administration will also have moved to the new E Street location. Staff of these offices may be contacted by calling the main switchboard at the FEC's new E Street location: 202/376-5140. The remaining offices will move within the next few months.

Until further notice, the FEC will continue to receive mail, campaign finance reports and documents at its old headquarters, located at 1325 K Street, N.W., Washington, D.C. 20463. The Press Office, Public Records and the Information Services will continue on p. 2.
CHANGE IN FILING FREQUENCY

Unauthorized committees that plan to change their reporting schedule (e.g., from semiannually in 1985 to monthly—rather than quarterly—in 1986) must notify the Commission of their intention. The committee may notify the Commission by submitting a letter with the next report due under its current reporting schedule. A committee may not change its filing frequency more than once a year. 11 CFR 104.5(c). The FEC requests that Presidential committees also inform the Commission in writing if they decide to change their reporting schedule.

WHERE REPORTS ARE FILED

Committees must file all reports and statements simultaneously with the appropriate federal and state officials. 11 CFR 108.5.

Filing with the Federal Government

o The principal campaign committees of House candidates and committees supporting or opposing only House candidates file with the Clerk of the House, Office of Records and Registration, 1036 Longworth House Office Building, Washington, D.C. 20515. 11 CFR 104.4(c)(3) and 105.1.

o The principal campaign committees of Senate candidates and committees supporting or opposing only Senate candidates file with the Secretary of the Senate, Senate Public Records, 119 D Street, N.E., Washington, D.C. 20510. 11 CFR 104.4(c)(2) and 105.2.

o All other committees, including the principal campaign committees of Presidential candidates, file with the Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463. 11 CFR 105.3 and 105.4

Filing with State Governments

o The principal campaign committees of Congressional candidates must file a copy of every report and statement with the Secretary of State or the appropriate elections official of the state in which the candidate seeks federal office. 11 CFR 108.3

o Unauthorized committees making contributions or expenditures in connection with House and Senate races file in the state in which the candidate seeks election. The law requires a copy only of that portion of the report applicable to the candidate(s) being supported.

o Committees supporting Presidential candidates must file in the state(s) in which the Presidential committee and donor committee have their respective headquarters.

FEC FALL CONFERENCE SERIES

During the Fall, the Commission co-sponsored conferences on campaign finance laws with the Massachusetts and Colorado Secretaries of State. Another conference, sponsored by the Commission and hosted by George Mason University, was held in Northern Virginia. Conference participants, totalling over 300 for the three conferences, included PAC representatives, party officials, campaign workers, educators, attorneys, campaign consultants and corporate and union personnel.

The Boston and Denver conferences provided an overview of federal and state campaign finance laws. The Boston conference also included sessions on candidate issues and corporate, labor and party involvement in federal elections. The Denver conference concentrated more on candidate support and on federal and state reporting requirements. Attendees at both conferences had an opportunity to learn how to use the states' computers for accessing campaign finance data in the FEC's computer base. The FEC conference at George Mason University, largely attended by individuals based in the Washington, D.C. Metropolitan area, focused exclusively on federal election activities of incorporated trade associations and membership organizations.

The Commission responds to invitations to present workshops and to develop programs for particular audiences. In the the coming months, the Commission will present workshops in Michigan, Georgia and Ohio. For more information, contact Information Services, 800/424-9530.

*These phone numbers will be changed within coming months. New numbers will be published in the Record.
ADVISORY OPINION REQUESTS

The following chart lists recent requests for advisory opinions (AORs). The full text of each AOR is available to the public in the Commission's Office of Public Records.

AOR Subject

1985-35 Corporate PAC's solicitation of board directors who are neither employees nor stockholders. (Date made public: October 24, 1985; Length: 2 pages)

1985-36 Public media ads advocating incumbents' defeat prepared independently by partnership and sold to individuals. (Date made public: October 25, 1985; Length: 1 page)

ADVISORY OPINIONS: SUMMARIES

An Advisory Opinion (AO) issued by the Commission provides guidance with regard to the specific situation described in the AOR. Any qualified person who has requested an AO and acts in accordance with the opinion will not be subject to any sanctions under the Act. Other persons may rely on the opinion if they are involved in a specific activity which is indistinguishable in all material aspects from the activity discussed in the AO. Those seeking guidance for their own activity, however, should consult the full text of an AO and not rely only on the summary given here.

AO 1985-27: Contribution Limits for Two Corporate PACs Before and After Their Affiliation

On July 2, 1985, R.J. Reynolds Industries (Reynolds) gained a controlling interest in Nabisco Brands (Nabisco), thereby causing the corporations' respective separate segregated funds, RJR Good Government Fund (Reynolds PAC) and Nabisco Brands Inc. Program for Active Citizenship (Nabisco PAC), to become affiliated committees for purposes of the Act. Contributions made by either PAC before they became affiliated were subject to each PAC's separate contribution limit. After becoming affiliated, however, any contributions made by the PACs separately or together would be subject to a single limit for the affiliated committees. 2 U.S.C. §441a(a)(2); 11 CFR 100.5(g)(2) and 110.3(a)(1)(i). To comply with their single contribution limit, the newly affiliated PACs must be sure that their contributions, when added to contributions either PAC made before becoming affiliated, do not cause them to exceed their combined limit.

The Commission offered the following examples as guidelines for the 1986 election cycle:

• Before the PACs became affiliated, Nabisco PAC contributed $1,000 to a candidate's general election campaign, while Reynolds PAC contributed $250 to the same candidate's general election and $750 to his primary. After becoming affiliated, the PACs' total contributions could not exceed $3,750 for the candidate's general election campaign and $4,250 for the primary campaign.

• Before the PACs became affiliated, Reynolds PAC contributed $4,000 to a candidate's primary campaign and $1,000 to the candidate's general election campaign. After becoming affiliated, the PACs' total contributions to the same candidate could not exceed $1,000 for the candidate's primary campaign and $4,000 for the general election campaign.

Contribution limits would similarly apply to the PACs' contributions to noncandidate committees. See 2 U.S.C. §§441a(a)(2)(B) and (C).

The Commission noted that, although Reynolds PAC's amended Statement of Organization assumed that the PACs became affiliated at the time the two corporations officially merged (i.e., September 10, 1985), for purposes of the Act the PACs became affiliated on July 2, 1985. At that time, Reynolds gained a controlling interest in Nabisco by purchasing a majority of Nabisco's outstanding shares, thereby creating the kind of parent-subsidary relationship between the two corporations that results in affiliation of their respective PACs. (Date issued: November 4, 1985; Length: 7 pages)

*Multicandidate PACs may contribute up to $5,000 per election to each candidate and up to $5,000 per year to any other nonparty political committee.
AO 1985-28: Candidate's Fundraising Rebates from Corporation

Friends of Lane Evans (FLE), the principal campaign committee for Congressman Evans, may conduct a fundraising dinner at the Quad City Downs racetrack (the Downs). FLE may receive a rebate from the Downs of $3 for each person who buys a ticket for dinner and admission. Although the Downs is a corporation, the rebate would not be considered a prohibited contribution because the Downs customarily provides such rebates, in its ordinary course of business, to all fundraising organizations, political and nonpolitical. The purchase price of the ticket, set by FLE, would be considered a contribution to FLE.

FLE will receive and account for the ticket purchases, pay a set fee to the Downs for a minimum of 60 dinners, and accept a Downs rebate of $3 for each attendee. FLE should report the ticket purchases as contributions and the rebates as an offset to operating expenditures (Line 14, credit and any interest actually paid on the collateral for a bank loan. The Committee plans to use the notes, secured by the letters of credit, as collateral for a bank loan.

The promissory notes, together with the letters of credit, are considered contributions under the Federal Election Campaign Act (the Act) because:

1. The letters of credit represent funds that the Committee may use as collateral to obtain its own bank loans, and any form of loan security is a contribution under the Act; and
2. As collateral for the bank loan, the notes will constitute guarantees or endorsements of the bank loan by the persons who issue the promissory notes. Endorsers or guarantors of bank loans made in the ordinary course of business are considered contributors under the Act.

Any interest on the notes, paid by the contributors to the Committee, is also considered a contribution because the payment would help defray the Committee's financial obligation. Thus, the combined amount of an outstanding letter of credit and any interest actually paid on the corresponding promissory note are considered a contribution and may not exceed the contribution limit for the contributor ($1,000 from each person, for each of Mr. Breaux's elections, and $5,000 from each qualified multicandidate committee, per election).

The Commission noted, however, that it did not address issues related to the Committee's use of the promissory notes as collateral for its own bank loans because: 1) the Committee did not request an opinion on these issues and 2) no bank had provided relevant facts on how the loans would be negotiated. Nor did the Commission comment on sample forms and agreements furnished with the Committee's request because advisory opinions do not address general questions of interpretation. 2 U.S.C. 5437f. (Date made public: November 4, 1985; Length: 3 pages)

AO 1985-30: Authorized Candidate Committee Converted to Multicandidate Committee

Representative Marjorie Holt, who will not be running for reelection in 1986, converted her 1984 campaign committee to a nonconnected multicandidate political committee (i.e., a political action committee or PAC) by filing an amended Statement of Organization with the FEC in August 1985. The newly formed PAC may use excess campaign funds of her old principal campaign committee to:

o Compensate Representative Holt for her role as director of the new PAC;

o Make donations to various charitable organizations, without establishing additional committees for this purpose; and

o Make contributions of up to $5,000 per election to a federal committee or candidate, once the newly formed PAC qualifies as a multicandidate committee.

In qualifying as a multicandidate PAC, the new PAC may date its existence from the date of registration of the old principal campaign committee. Similarly it may regard, as its own, any contributions made by and to the former principal campaign committee. See AOs 1982-32 and 1980-40. The new PAC may not designate itself as any candidate's authorized committee.

Although the 1979 amendments to the election law prohibit candidates from converting excess campaign funds to personal use (in this case, compensation for directing a PAC), these amendments do not apply to individuals, such as Representative Holt, who were members of Congress on January 8, 1980. Similarly, the law expressly sanctions the unlimited donation of excess campaign funds to qualified charitable organizations. See 2 U.S.C. 9439a and 11 CFR 113.2(b).

The Commission did not address the issue of whether Representative Holt could establish additional committees to disburse the excess campaign funds for other purposes because her advisory opinion request presented no specific transactions. (Date issued: October 24, 1985; Length: 4 pages)
STANDARDS OF CONDUCT FOR FEC COMMISSIONERS AND EMPLOYEES: NOTICE OF PROPOSED RULEMAKING

On October 21, 1985, the Commission published a notice in the Federal Register which seeks comments from the public on proposed rules implementing the Ethics in Government Act (1978). See 11 CFR Part 7 in 50 Federal Register 42553. The intent of the proposed rules is to "facilitate the proper performance of Commission business and encourage citizen confidence in the impartiality and integrity of the Commission."

Major provisions of the proposed rules are highlighted below.

Subpart A: General Provisions

The proposed rules of this subpart:
- Explain the process by which FEC employees would be notified about the standards of conduct;
- Provide for an Ethics Officer to answer questions regarding any potential conflicts of interest which employees may have; and
- Specify procedures for reporting and handling alleged violations of the rules.

Subpart B: Conduct and Responsibilities

The proposed rules set forth general guidelines governing standards of conduct for employees and specify restrictions placed on such employee activities as: accepting gifts and outside employment; maintaining outside financial interests and association memberships; engaging in political and outside organization activities; using government property; making public certain FEC investigations and ongoing enforcement matters; and, in the case of former employees, representing parties before the Commission.

This subpart spells out procedures for submitting outside employment requests. It also incorporates current FEC procedures that prohibit ex parte communications, i.e., informal communications between outside parties and FEC Commissioners or staff concerning pending enforcement matters. The Commission seeks comments from the public on whether:
- The FEC's current method for handling ex parte communications is sufficient; and
- The prohibition should be expanded to include undisclosed ex parte communications concerning advisory opinions and regulations.

Subpart C: Conduct and Responsibilities of Special Government Employees

This subpart would set forth specific standards for conduct applicable to special Commission employees. Special employees are those working for the Commission on a temporary basis.

Subpart D: Post Employment Conflicts of Interest; Procedures for Administrative Enforcement Proceedings

The proposed rules of this subpart follow the procedures approved by the Commission in 1980. They would ban activities of former FEC employees which might reasonably appear to make unfair use of their prior FEC employment and affiliations. The Ethics Officer would investigate any alleged violations of these restrictions and submit an investigatory report to the Commission. If the Commission then finds reasonable cause to believe a former employee had violated the ethics code, the agency would institute an administrative disciplinary proceeding. An impartial examiner designated by the Ethics Officer would conduct the proceeding.

USE OF PSEUDONYMS

From time to time, political committees ask the Commission how they can protect their lists of individual contributors. The following questions and answers provide guidance in this area.

How can a political committee be sure that the names and addresses of its contributors are not being used (in violation of 11 CFR 104.15) to solicit contributions or for commercial purposes? A committee can determine whether the names and addresses of its contributors are being used illegally by "salting" the reports it files under the Act. The law permits a committee to include on its reports ten fictitious names (referred to under the law as pseudonyms) and addresses. 11 CFR 104.3(e).

This can be done by taking a portion of the subtotal for unitemized contributions and allocating it, as fictitious itemized contributions, among several fictitious individual contributors. Each of these fictitious individual contributions would be itemized on a Schedule A. (The committee could assign each fictitious contributor the real address of a staffer on the committee, thereby enabling the committee to learn quickly about any illegal solicitations.)

At the same time, the committee should reduce the total amount of its unitemized contri-
butions (reported on line 11a, Detailed Summary Page) by the total amount of the fictitious contributions. By using this approach, committees can be sure that the total amount of contributions remains unaltered and is accurate.

If a committee uses pseudonyms, must it report them to the FEC? Yes. A political committee must send its list of pseudonyms, under separate cover, to the Reports Analysis Division, Federal Election Commission, Washington, D.C. 20463. The list will be maintained only by the Commission and will not become part of the public record. A committee should not file the list of pseudonyms with the Clerk of the House, the Secretary of the Senate or the State's Secretary of State.

What can a Committee do if one of the pseudonyms receives a solicitation? If a committee learns that a solicitation has been sent to any one of the fictitious names listed on its report, the committee will know that someone has misused the committee's report, because the report was the only place where that name and address were combined. Should the committee suspect such a violation, it may file a complaint with the FEC. The use of pseudonyms enables the committee to protect the privacy of its individual contributors.

MAILING LISTS

The Commission has received questions concerning the use of mailing lists. The following questions and answers help to clarify this issue.

May a political committee sell its mailing list for a profit? The FEC stated in an advisory opinion that a political committee may sell its contributor list, mailing list. Union candidates and other political committees. A contribution does not result when a mailing list is sold at the "usual and normal charge." If a political committee sells its list at a price greater than the market value, the difference between the market value and the sale price represents a contribution to the committee. Conversely, if a political committee sells its list to a candidate for less than the market value, this results in a contribution from the political committee to the candidate. Payments received from the sale must be reported. AO 1979-19. In another advisory opinion, the Commission said that a committee could sell its mailing list (on computer tape) for the "usual and normal charge" to a corporation without the receipts being considered a contribution. AO 1981-53.

May political committees exchange mailing lists? Yes. In Advisory Opinion 1981-46, the Commission said a political committee could exchange names with another committee, individual, organization or corporation as long as the lists were of equal value. This transaction did not result in a contribution. In a later advisory opinion, the FEC permitted three-way or multiparty exchanges of mailing lists with corresponding values. For example, Committee A could give its mailing list to Committee B who could, in turn, provide Committee C with its mailing list. Committee C would then give its list to Committee A. AO 1982-41.

May a candidate give his or her mailing list to a political party? Yes. In AO 1981-11, the Commission allowed the principal campaign committee of a presidential candidate to transfer its mailing list, free of charge, to the national committee of his party. The transfer was not a contribution, but both committees were required to report it. The mailing list was the equivalent of the committee's excess campaign funds. According to the Act, candidates may transfer unlimited excess campaign funds to the national committee of their party. 2 U.S.C. 9439(a). Excess campaign funds can be "anything of value," including mailing lists.

CARTER/MONDALE PRESIDENTIAL COMMITTEE, INC. v. FEC

On November 1, 1985, the U.S. Court of Appeals for the District of Columbia Circuit ruled that the FEC did not abuse its discretion in declining to reconsider a final determination the agency had made with regard to the Carter/Mondale Presidential Committee, Inc.'s (the Committee's) repayment of nonqualified campaign expenses to the U.S. Treasury.* CA No. 84-1393 and 84-1499 (The Committee was the publicly funded principal campaign committee for former President Carter's 1980 primary campaign.) The court's ruling sustained decisions made by the FEC on July 12 and September 20, 1984, not to reconsider its final repayment determination with regard to the Committee.

Background

On July 6, 1982, the Committee had filed a petition with the appeals court which sought review of an FEC final determination that the Committee must repay $104,300.78 to the U.S. Treasury, an amount equal to those nonqualified

*The public funding statutes require Presidential candidates to repay the U.S. Treasury for nonqualified campaign expenses. 26 U.S.C. 9007 (b)(4) and 9038(b)(2).
expenses incurred by the Committee during the 1980 primary campaign. (Carter/Mondale Presidential Committee v. FEC; 111 F.2d 279 [D.C. Cir. 1983].) The court dismissed the case on grounds that it had not been filed within the time frame required by the election law. See 26 U.S.C. §9041(a).

On August 7, 1984, the Committee filed a petition, asking the Court to review the decision that the FEC made on its own initiative not to reopen its final repayment determination for the Committee in light of recent decisions made by the court in two other suits concerning repayments. (In Kennedy for President Committee v. FEC* and Reagan for President Committee v. FEC, the court had held that the FEC had exceeded its authority under 26 U.S.C. §9038(b)(2) when it required repayment of the entire amount of nonqualifying payments, rather than the portion attributable to the matching payment account.) The Committee also asked the FEC to reconsider its decision (taken in July 1984) not to reopen the Carter/Mondale repayment determinations. The Commission had decided to reconsider only the repayments by the Kennedy and Reagan committees, which had been required by the court. The Commission had taken this position "in the interest of finality in the administrative process, now and in the future."** The Committee claimed that the FEC's decision disregarded the principle of equal treatment for all candidates, which the Committee alleged the agency had established in reconsidering a final repayment determination made with regard to John Anderson's publicly funded campaign. On September 20, 1984, the FEC once again declined to reconsider the Committee's final repayment determination. On October 2, 1984, the Committee filed a second petition with the appeals court. On October 15, 1984, the court consolidated this case with the Committee's August 1984 case.

Appeals Court's Ruling

The Court rejected the Committee's claim that the FEC's July determination was unlawful because it contradicted a precedent established by the agency's reconsideration of the Anderson Campaign's repayment requirements: "Far from establishing any general or even selective practice of reopening final determinations, the record before us [of the FEC's reconsideration of the Anderson determination] displays only an isolated situation in which the facts distinguishable from those in the case at hand tug at the Commission away from application of the finality principle."

Nor did the court find merit in the Committee's assertion that the FEC had treated the Committee unfairly. "No favoritism can be attributed to the FEC when it carries out the letter of a court's order" to reconsider repayments by the Kennedy and Reagan committees. Moreover, the Committee's tardiness in seeking court review of its own repayment determination contradicts "Congress' strong interest in resolving federal matching fund audits expeditiously." 111 F.2d at 289 n.19.

Finally, the court rejected the Committee's argument that the FEC had failed to give reasons for refusing to reopen its repayment determination. "[A]bsence of an express statement does not render its action unlawful where reasons for that action may be gleaned from its [the FEC's] staff's reports."

DISTRICT COURT RULES ON "DATE OF DISMISSAL"

On October 23, 1985, the U.S. District Court for the District of Columbia ruled on Common Cause v. FEC. (Civil Action No. 85-968), Golar v. FEC (Civil Action No. 85-225) and Citizens for Percy v. FEC (Civil Action No. 85-763), three suits which had challenged the FEC's dismissal of administrative complaints. In denying the FEC's motions to dismiss the challenges brought by Common Cause and Simeon Golar, the court found that plaintiffs had filed their suits within the 60-day period allowed by the election law. The court dismissed the suit brought by Citizens for Percy (the Committee), the principal campaign committee for Senator Percy's 1984 reelection effort. Because the Committee had not filed the suit within the 60-day period. In all three cases, the court reasoned that the 60-day period begins when "the complainant actually receives notice of dismissal."

Under the election law, a suit challenging the dismissal of an administrative complaint must be filed with a district court within 60 days after it is dismissed by the FEC. 2 U.S.C. §437g(a)(8)(A). The FEC had argued that the 60-day period begins at the time the Commission votes to dismiss an administrative complaint. The court reasoned, however, that the 60-day period should begin at the time the Commission actually notifies the complainant of the FEC's decision. The court concluded that the 60-day period begins when a complainant actually receives the notice of dismissal.

Based on this ruling, the court dismissed Citizens for Percy v. FEC because the Committee had filed its suit more than 60 days after both the Commission's decision to dismiss the Committee's administrative complaint and its receipt of the FEC's notice of dismissal. On the other hand, the court decided not to dismiss the suits brought by Common Cause and Mr. Golar because plaintiffs had filed their respective challenges within 60 days of FEC notification.

*For a summary of this court's opinion, see p. 6 of the July 1984 Record.

**For a summary of the FEC's decision, see page 4 of the September 1984 Record.
NEW LITIGATION

FEC v. 1985 Victory Fund

The Commission asks the district court to declare that the 1985 Victory Fund, and the Fund's treasurer, Vincent G. Downing, violated the election law by:

- Failing to properly allocate administrative expenses between the Victory Fund, which is the federal account of the Conservative Party of New York State, and the party's nonfederal account (11 CFR 106.1(e)); and
- Knowingly accepting corporate and labor contributions from the Conservative Party of New York State, which contained prohibited corporate and labor funds. (2 U.S.C. §441b)

The FEC further asks the court to:

- Assess a civil penalty against the defendants amounting to the greater of $5,000 or 100 percent of the amount involved in the violations; and
- Permanently enjoin the defendants from further violations of the election law.


FEC v. Allen Wolfson

The Commission asks the court to:

- Declare that Allen Z. Wolfson violated the election law by making contributions to authorized candidate committees which exceeded the law's monetary limits (2 U.S.C. §441a(a)(1)(A)) and which were made in the names of other persons (2 U.S.C. §441f);
- Enjoin Mr. Wolfson from further violations of the law; and
- Assess a $5,000 civil penalty against Mr. Wolfson or an amount equal to 100 percent of the amounts involved in the violation.