FEDERAL ELECTION COMMISSION

RECORD

November 1987

999 E Street NW Washington DC 20463 Volume 13, Number 11

STAFF

FEC NAMES NEW GENERAL COUNSEL

On October 6, 1987, the Federal Election Commission appointed Lawrence M. Noble as the agency's General Counsel. Mr. Noble had been Acting General Counsel since the resignation of Charles N. Steele earlier this year.*

Mr. Noble, who has been with the agency since 1977, served as FEC Deputy General Counsel from November 1983 until his appointment as Acting General Counsel. Prior to that, he was Assistant General Counsel for Litigation and, earlier, a litigation attorney. Before joining the FEC, he was an attorney with the Aviation Consumers Action Project.

A native of New York, Mr. Noble holds a Bachelor of Arts in Political Science from Syracuse University and a Juris Doctor from the National Law Center at George Washington University. He is a member of the U.S. Supreme Court Bar, the U.S. Court of Appeals Bar for the D.C. Circuit, the U.S. District Court Bar for the District of Columbia and the District of Columbia Bar. Mr. Noble is also a member of the American and District of Columbia Bar Associations.

REGULATIONS

REVISED REGULATIONS ON DELEGATES AND DELEGATE COMMITTEES

On September 17, 1987, the Commission sent to Congress its revised regulations, at 11 CFR 110.14, setting forth the Act's prohibitions, limitations and reporting requirements as they apply to the process of selecting delegates to the Presidential nominating conventions. The revisions are designed to clarify which provisions apply to individual delegates and which apply to delegate committees. The revised rules also provide criteria for determining affiliation between delegate committees and Presidential campaign committees. These regulations, along with an explanation and justification, were published in the September 22, 1987 issue of the Federal Register. See 52 Fed. Reg. 35530.

After these amended rules have been before Congress for 30 legislative days, the Commission will announce their effective date.

continued

TABLE OF CONTENTS

STAFF
1 New General Counsel

REGULATIONS
1 Delegates and Delegate Committees
4 Freedom of Information Act

SPECIAL ELECTIONS
4 Tennessee

5 ADVISORY OPINIONS

PUBLIC FUNDING
5 Hart Not Eligible for Public Funds

COURT CASES
6 FEC v. Sailors' Union of the Pacific Fund

CLEARINGHOUSE
7 Accessibility of Polling Places

7 INDEX

---

*Mr. Steele's resignation as General Counsel was reported in the March 1987 issue of the Record, p.1.
continued from p. 1

Definitions

Under 110.14(b)(1), "delegate" means an individual who becomes or seeks to become a delegate to a national nominating convention or to a state, district or local convention, caucus or primary held to select delegates to a national nominating convention. This definition is unchanged in the revised regulations. The definition of "delegate committee" in 110.14(b)(2), however, has been revised to clarify that a delegate committee may not necessarily be a political committee under the Act (see 11 CFR 100.5). Only delegate committees which qualify as political committees under 11 CFR 100.5 are required to register with the Commission and file reports of receipts and disbursements.

Funds Received and Expended

All funds received or spent for delegate selection activities are contributions or expenditures made for the purpose of influencing a federal election (see 11 CFR 100.2(c)(3) and (e)) with these two exceptions:

- Ballot access fees paid by a delegate to a state or subordinate party committee are not contributions or expenditures; and
- Any administrative expenses incurred by a state or subordinate party committee in connection with its sponsorship of a convention or caucus to select delegates to a nominating convention are also exempt from the definitions of contribution and expenditure.

Note, however, that all funds received or spent for any type of delegate selection activity, including ballot access fees and administrative expenses, must be from sources which are permissible under the Act.

Contributions to and Expenditures by Delegates

Delegates are not considered "candidates" under the election law because they are not seeking nomination or election to federal office. (See 2 U.S.C. §431(2) and 11 CFR 100.3(a)(1).) Thus, section 110.14(d) of the revised rules retains the current provision (110.14(c)) under which the contribution limits which apply to candidates and political committees do not apply to contributions to delegates. However, contributions which an individual makes to a delegate are subject to that individual's $25,000 annual limit on contributions.

Similarly, section 110.14(e) of the revised rules retains the current provision (110.14(d)) under which expenditures by a delegate to promote his or her selection only are neither limited nor reportable. Moreover, such disbursements are not considered expenditures by Presidential candidates and do not count against the spending limits of publicly funded candidates, regardless of whether the delegate is committed or pledged to a particular candidate.

Dual-Purpose Expenditures by Delegates

No Public Political Advertising. Under a reorganization of the delegate regulations, section 110.14(f) now governs "dual purpose" expenditures by a delegate—expenditures which advocate the delegate's selection and which also refer to a candidate for public office (such as a Presidential candidate).

These disbursements are not subject to contribution limits (110.1) or spending limits for Presidential candidates (110.8) provided that:
- The materials are used in connection with volunteer activity; and
- The expenditures are not made for general public communications or political advertising.

This provision is based on the "coattail" exemption from the definition of contribution in 2 U.S.C. §431(8)(B)(xi).

Public Political Advertising. Section 110.14(f)(2) concerns "dual purpose" expenditures by delegates for general public political advertising (e.g., broadcasting, newspapers, magazines, billboards and direct mail). Only slightly revised (see former regulation at 110.14(d)(2)(ii)), the regulation applies the standards under 2 U.S.C. §431(8) and (17) to determine whether such expenditures by individual delegates are in-kind contributions or independent expenditures on behalf of the candidates mentioned in the communications. As in-kind contributions, the expenditures would be subject to the contribution limits of 110.1 and the President's candidate's spending limits under 110.8. Such in-kind contributions would be reported by the recipient candidate's committee. On the other hand, those expenditures which qualified as independent expenditures would not be subject to limitations but would be reported by
the delegate under 11 CFR Part 109. Note that, in either case, only the portion of the expenditure allocable to the candidate would be treated as an in-kind contribution or an independent expenditure.

Candidate Materials. Section 110.14(f)(3), concerning delegate expenditures for disseminating, distributing and republishing a candidate's campaign materials, clarifies that such expenditures are in-kind contributions subject to the contribution limits and reportable by the Federal candidate whose material is used. The expenditures would count against a Presidential candidate's spending limits only if the expenditures were made with the cooperation or prior consent of, or in consultation with or at the request or suggestion of, the candidate or the candidate's campaign committee.

Contributions to Delegate Committee

Under 110.14(g), contributions received by a delegate committee from a Presidential candidate's campaign committee would count against the candidate's spending limits under 11 CFR 110.8. The contribution limits apply to all contributions made to and received by delegate committees. Registered delegate committees must report such transactions.

Expenditures by Delegate Committee

Under the revised section 110.14(h), delegate committee expenditures which advocate only the selection of one or more delegates are not contributions to any candidate, and are not subject to the 110.1 contribution limits. Similarly, they are not chargeable to the expenditure limitations of any Presidential candidate under 110.8(a). Delegate committees which have qualified as political committees must, however, report these expenditures in accordance with 11 CFR Part 104.

A new §110.14(i) has been added to the regulations concerning "dual purpose" expenditures made by delegate committees. The provision parallels 110.14(f), concerning "dual purpose" expenditures by individual delegates (see above). Under these revised rules, "dual purpose" expenditures by delegate committees are not treated as contributions to federal candidates when certain types of campaign materials are used in connection with volunteer activity and public political advertising is not used. 11 CFR 110.14(i)(1). Note, however, that registered delegate committees must report such expenditures (although individual delegates need not do so).

By contrast, under 110.14(i)(2), "dual purpose" expenditures by delegate committees for general public communications and political advertising are considered either independent expenditures; or contributions in kind, which may count against Presidential spending limits. The provision follows 110.14(f)(2), summarized above. In alloca-

counting "dual purpose" expenditures under this section, delegate committees should follow the general principles in 11 CFR Part 106, attributing to each delegate or candidate an amount reflecting the benefit reasonably expected to be derived from the expenditure, 11 CFR 106.1(a).

Under 110.14(i)(3), a delegate committee's expenditure to disseminate, distribute or republish a candidate's campaign materials constitutes an in-kind contribution to the candidate.

Affiliation of Delegate Committee with Presidential Candidate's Authorized Committee

The Commission added a new section, 110.14(j), to provide guidance concerning when a delegate committee is considered affiliated with an authorized committee of a Presidential candidate. Under 110.14(j)(1), the two committees would be affiliated if they were established, maintained, financed or controlled by the same person (e.g., the Presidential candidate) or the same group of persons.

Section 110.14(j)(2) states that the Commission may consider a number of factors in determining whether a delegate committee is affiliated with an authorized Presidential committee under §110.14(j)(1). The Commission will consider, among other factors, whether or not:

- The Presidential candidate or another person associated with the authorized Presidential committee played a significant role in the delegate committee's formation;
- Any delegate associated with a delegate committee has been or is a staff member of the authorized Presidential committee;
- The committees have common or overlapping officers or employees;
- The authorized Presidential committee provides goods or funds in a significant amount or on an ongoing basis to the delegate committee, other than through the transfer to a committee of its allocated share of joint fundraising proceeds (pursuant to 11 CFR 102.17 or 9034.8);
- The Presidential candidate or any person associated with the authorized Presidential committee suggests, recommends or arranges for contributions to be made to the delegate committee;
- The committees receive contributions from the same sources;
- One committee provides a mailing list to the other committee;
- The authorized Presidential committee or a person associated with it provides ongoing administrative support to the delegate committee;
- The authorized Presidential committee or a person associated with it directs or organizes the campaign activities of the delegate committee; and

continued
The authorized Presidential committee or a person associated with it files statements or reports on behalf of the delegate committee.

Affiliation Between Delegate Committees
Under a new provision, 110.14(k), delegate committees will be considered affiliated with each other if they meet the criteria for affiliation set forth in section 100.5(g) of the regulations.

FINAL REVISIONS TO FOIA RULES
On October 1, 1987, the Commission approved final revisions to its regulations implementing the Freedom of Information Act (FOIA). The final rules, with the one exception noted below, are identical to the interim rules, which became effective on June 24, 1987.*

The Commission revised its rules to conform with the Freedom of Information Reform Act of 1986, which expanded the law enforcement exemptions of the FOIA, modified the fees charged for material requested under the FOIA and amended the standards for waiving fees. Revised regulations at 11 CFR 4.5(a)(7) and 4.9(c) reflect these changes. The Commission also updated certain fees charged for public disclosure documents obtained through the FEC Public Records Office (11 CFR 5.6). For a more detailed summary of the revised regulations, see the August 1987 Record, pp. 5-6.

The final rules add language concerning the billing of special mail services. If a person wishes information to be sent through a special service, such as express mail, the requester must make all arrangements for pickup and billing directly with the company providing the delivery service. (Charges for ordinary packaging and mailing are absorbed by the Commission.)

The Commission received three sets of public comments on the interim rules. These comments are discussed in the Statement of Basis and Purpose, which was published along with the final rules in the Federal Register on October 21, 1987. The final rules will become effective 30 days after the publication date.

TENNESSEE SPECIAL ELECTIONS: REPORTS BY PACS, PARTIES AND CANDIDATES
During December and January, Tennessee will hold special elections in its 5th Congressional District to fill the seat vacated by Representative William H. Boner. A special primary election will be held on December 3, 1987, and a special general election, on January 19, 1988.

All political committees which support candidates in the special election(s) (and which do not report on a monthly basis) must file the appropriate pre- and post-election reports. This requirement applies to PACs, party committees and authorized candidate committees. The reporting schedule will depend on whether the supported candidate participates only in the special primary election or in both the special primary and the special general election. (See below.)

Committees supporting candidates in the special primary election must file a pre-primary and 1987 year-end report. (See chart I below.)

Committees supporting candidates in the special general election must file reports disclosing special general election and year-end activity. Since the year-end report would cover only one day, the Commission recommends that committees file a consolidated pre-primary election and year-end report, due by January 7, 1988.* A post-general election report is also required. (See chart II below.)

The FEC has sent notices on reporting requirements and filing dates to individuals known to be actively pursuing election to the Tennessee House seat. All other committees supporting candidates in the special elections should contact the Commission for forms and more information on required reports. Call 202/376-3120 or, toll free, 800/424-9530.

---

*Alternatively, committees which support candidates in the special general election may file separate pre-general election and year-end reports. Due by January 31, 1988, the year-end report would cover activity for a single day, December 31, 1987.
Subject

Candidate Status of Mr. Hart

In order to establish eligibility for matching funds, an individual must certify, among other things, that he or she is presently seeking nomination by a political party for election as President. Counsel for the Hart campaign noted that Mr. Hart had signed his application for matching funds on May 4, 1987, when he was still an active candidate. The letter, however, was not submitted to the Commission until May 18—after he had announced his withdrawal as a candidate in a press conference held on May 8. In concluding that the letter did not qualify as a certification of active candidacy, the Commission stated: "In reality, Gary Hart certified that he used to be a candidate... The statute, however, requires the certification to be a reflection on the individual's present status."

HART NOT ELIGIBLE FOR MATCHING FUNDS: FINAL DETERMINATION

On September 24, 1987, the Commission made a final determination that Gary Hart had failed to establish eligibility to receive primary matching funds for his 1988 Presidential primary campaign. This decision affirmed an initial determination of June 4 (summarized in the July 1987 Record, p.B).* The paragraphs below summarize the Commission's legal statement explaining its final decision. Mr. Hart can ask the Court of Appeals for the District of Columbia to review the decision.

Candidate Status of Mr. Hart

In order to establish eligibility for matching funds, an individual must certify, among other things, that he or she is presently seeking nomination by a political party for election as President. Counsel for the Hart campaign noted that Mr. Hart had signed his application for matching funds on May 4, 1987, when he was still an active candidate. The letter, however, was not submitted to the Commission until May 18—after he had announced his withdrawal as a candidate in a press conference held on May 8. In concluding that the letter did not qualify as a certification of active candidacy, the Commission stated: "In reality, Gary Hart certified...that he used to be a candidate...The statute, however, requires the certification to be a reflection on the individual's present status."

---

*Alternatively, committees which support candidates in the special general election may file separate pre-general election and year-end reports. Due by January 31, 1988, the year-end report would cover activity for a single day, December 31, 1987.

---

*The Commission received a letter signed by six senators, urging the Commission to reverse its initial determination and find Mr. Hart's committee eligible to receive matching funds. The Commission considered the letter as a comment on the initial determination.
The Commission also rejected counsel's contention that Mr. Hart was eligible for public funds under 26 U.S.C. §9033(c)(2) of the Matching Payment Account Act, which provides for matching funds to be given to former candidates under certain circumstances. In the Commission's view, that provision "assumes that an individual has established eligibility and merely provides the formerly eligible candidate with a limited entitlement."

Policy and Equitable Considerations
Counsel for Mr. Hart made a number of arguments based on policy and equitable considerations. The Commission noted, however, that such considerations could not refute the plain language of the statute. This language requires a person to certify to his or her present status as a candidate in order to qualify for public funds.

FEC v. SAILORS' UNION OF THE PACIFIC POLITICAL FUND

On September 15, 1987, the Court of Appeals for the Ninth Circuit affirmed a district court ruling that the separate segregated funds of three maritime unions were not affiliated and therefore had not exceeded the Act's contribution limits. (Civil Action No. 86-1775.)

Background
On December 10, 1984, the Commission filed suit in a federal district court against three committees: the Sailors' Union of the Pacific Political Fund, the Marine Firemen's Union Political Action Fund and the Seafarers' Political Activity Donation. The Commission argued that because the committees' respective connected organizations were all part of the Seafarers' International Union (Seafarers), contributions made by the three committees were subject to a single, shared limit of $5,000 per candidate, per election pursuant to 2 U.S.C. §441a(a)(5).* The FEC asked the court to find that the three committees had made excessive contributions by together contributing an aggregate of over $5,000 to the 1982 Senate primary campaign of California Governor Jerry Brown.

The District court for the Northern District of California, on January 6, 1986, ruled that the Seafarers' International Union was an association of independent unions rather than an international union made up of subordinate units. Accordingly, the court concluded, the unions' separate segregated funds were not subject to an aggregate contribution limit; their contributions, therefore, were not excessive. (Civil Action No. 84-7763-WWS)* The FEC appealed this decision on March 5, 1986.

Appeals Court Ruling
The court decided that it would examine the organizational authority of Seafarers in order to determine whether its member unions were affiliated under 2 U.S.C. §441a(a)(3). The court, in making this decision, looked to the legislative history for guidance: "Various comments in the records of both the House and Senate suggest that...Congress intended to aggregate campaign contributions of locals of international unions but did not intend to aggregate contributions of member unions of labor federations."

The court then examined the relationship between the Seafarers' International Union and its member unions to determine whether the degree of control Seafarers exercised over them was closer to the highly intrusive authority of the United Steelworkers of America, the international union which the court had adopted as a model, or the less restrictive authority of a federation of unions, like the AFL-CIO. Acknowledging that Seafarers had powers beyond those of the AFL-CIO (the authority to regulate dues, audit members and appoint financial custodians for members), the court nevertheless judged that "the level of authority exercised over locals by traditional international unions like the Steelworkers far exceeds the level of control that Seafarers may exercise under its constitution." Noting that Seafarers' authority was more like the limited power of the AFL-CIO, the court concluded that two of the member unions were independent of Seafarers and that their separate segregated funds were not, therefore, subject to a common contribution limit.

The court pointed out that one might question the autonomy of the third union and Seafarers because one individual was president of both organizations. However, the court did not have to decide the question because the three member unions involved would still not be subject to a single contribution limit.

*Section 441(a)(5) states that "all contributions made by political committees established or financed or maintained or controlled by any corporation, labor organization, or any other person, including any parent, subsidiary, branch, division, department, or local unit of such corporation, labor organization, or any other person...shall be considered to have been made by a single political committee...."

*See the February 1986 Record, pp. 3-4, for a summary of the district court's decision.
CLEARINGHOUSE TESTIMONY ON ACCESSIBILITY OF POLLING PLACES

On October 6, 1987, William Kimberling, research specialist with the FEC's Clearinghouse on Election Administration, testified on the accessibility of polling places to the elderly and handicapped. He presented his testimony before members of the Subcommittee on Elections of the House Administration Committee.

Mr. Kimberling noted that, in April 1987, the Commission submitted to Congress a report on the accessibility of polling places throughout the United States, as required by the Voting Accessibility for the Elderly and Handicapped Act. Under that law, the FEC's role is limited to compiling information submitted by the states. Mr. Kimberling pointed out that, additionally, in its capacity as a national clearinghouse on election administration, the Commission worked with election officials and handicapped organizations, encouraging communication between the two groups. The Clearinghouse also offered election officials support in developing a comprehensive set of criteria for evaluating polling place accessibility.

With regard to the April report to Congress, Mr. Kimberling said that information submitted by the various states differed in some very important aspects. He particularly noted the wide variation in criteria used to evaluate accessibility and the significant differences in methods of collecting and reporting data. Observing that the Commission received reports on 82 percent of the polling places, Mr. Kimberling concluded that "the picture that emerges from the information reported to us is inconclusive...there appears to be considerable room for improvement not only in ensuring accessibility but also in measuring it."

Chairman Swift commended those jurisdictions that clearly demonstrated a good faith effort to accurately survey all polling sites and materially improve access. He also chastised those who apparently took the survey lightly, saying that Congress deems this as an experiment in federal legislative restraint. He went on to warn those who are dragging their feet that more intrusive legislation might be forthcoming if voluntary compliance appeared insufficient. He also stressed the need for more systematic and institutionalized cooperation between election officials and handicapped organizations.

*To obtain a copy of Polling Place Accessibility in the 1986 General Election, call the Clearinghouse: 800/424-9530 (toll free) or 202/376-5670. See also a summary of the report in the June 1987 Record, p.5.

**See the article "Providing Accessibility for the Elderly and Handicapped," published in the Winter 1986 issue of the Journal of Election Administration. For a copy of this issue, call the Clearinghouse (numbers above).
INDEX

continued from p. 7

1987-15: Relationship between authorized Presidential committee and delegate committees, 9:4
1987-16: Transfers from state campaign committee to federal campaign committee, 8:3
1987-17: Combined membership dues and contribution on billing statement, 8:3
1987-18: PAC matches employee contributions with commodity charitable donations, 8:4
1987-21: Effect of corporate reorganization on PAC and proposed new PAC, 9:4
1987-22: Polling data provided to federal candidates by corporate polling firm, 10:1
1987-23: PAC's acceptance of contributions from state committee, 9:5
1987-24: Incorporated hotel chain may provide complimentary items to federal candidates, 10:2
1987-25: Volunteer services conducted by foreign national, 10:2

COURT CASES

FEC v.

- Americans for Jesse Jackson, 2:9; 8:9
- Bank One, 7:5
- Barry, 4:7
- Batts, Committee to Elect, 10:6
- Beatty for Congress, 3:6
- Citizens for the President '84, 6:6
- Citizens Party, 1:8; 2:8; 9:6
- Clark, 2:8
- CRT, 9:8
- Dominelli, 3:5; 6:8
- Furgatch, 3:5; 6:8
- Haley, Ted, Committee, 5:8
- Halter and AIDS, 4:7
- MCFL, 2:4
- NCPAC, 7:5
- NOW, 10:6
- Pryor for Congress, 6:6
- Robichaux, 2:9
- Rocha, 9:6
- Rose, Congressman, 2:7
- Sailor' Union of the Pacific Political Fund, 11:6
- 1984 Victory Fund, 3:6

v. FEC

- Common Cause, fourth suit, 2:6; fifth suit, 2:9; sixth suit, 9:6; eighth suit, 10:6
- Furgatch, second suit, 6:6
- Glenn Presidential Committee, 9:6
- Spannaus, 10:6
- Stark, Congressman, 6:6; 10:6; second suit, 9:8

800 LINE

After the election: winding down, 3:9
Personal financial reports, 5:7
Honoraria, 8:9
Reporting a new treasurer, 9:9
Single-candidate committees, 10:4