FEC Automates 800 Line
People calling the FEC’s 800 number (800/424-9530) can now reach the office they need by pressing a button. A recorded announcement offers callers five choices. Callers with rotary phones should stay on the line; a receptionist will direct their calls. The new service began June 10. It operates from 8:30 A.M. to 5:30 P.M. (ET), Monday through Friday.
If you’re using a phone with a tone pad, you can interrupt the message at any time to press the number of the office you need.
  • Press 1 (Information Division) to order forms or publications.
  • Press 2 (Reports Analysis Division) if you are calling to respond to a Commission letter concerning your committee’s report or if you wish to speak to the person who reviews your reports.
  • Press 3 (Public Disclosure Division) to obtain campaign finance information on candidates and committees.
  • Press 4 (National Clearinghouse on Election Administration) for information on the election process, including voter registration and voting statistics.
  • Press 5, or stay on the line, for all other inquiries.

Six New Publications Available
You can order any of the new publications listed below using the order form on page 7. All the documents are free.
Committee treasurers will automatically receive one or more of these publications, depending on the type of committee they are with. Treasurers are welcome to order extra copies for staff members.
  • Updated Campaign Guide for Corporations and Labor Organizations. The new edition (March 1994) covers new regulations adopted since the last edition (multicandidate committee status, definition of member, best efforts). In addition, several areas have been reorganized to better convey the material (foreign-owned domestic corporations, allocation, debt settlement). The new Guide will soon be sent to treasurers of separate segregated funds.
  • Record Supplement for Political Party Committees. Published as a companion to the Campaign Guide for Party Committees, the Party Supplement summarizes regulatory changes made since the current edition of the Guide was published (continued on page 2)
Special Elections

Senate Election in Oklahoma to Fill Boren Seat

Oklahoma will hold special elections to fill the seat of Senator David L. Boren, whose retirement will become effective November 15, 1994. The special election dates are the same as the dates for the regularly scheduled elections in Oklahoma: August 23 primary, September 20 runoff and November 8 general.

Campaigns and committees which expect to be active in the Oklahoma special elections should order the FEC handout on 1994 reporting. (Call 800/424-9530 or 202/219-3420.) The handout explains reporting obligations and lists the Oklahoma primary and runoff reporting dates and the general election reporting dates.

Publications

(continued from page 1)

in September 1989. The Supplement was sent to all party committee treasurers.

- Record Supplement for Nonconnected Committees. Also a companion piece, this Supplement updates the Campaign Guide for Nonconnected Committees by explaining the regulatory changes made since the June 1985 publication of the Guide. It was sent to treasurers of nonconnected committees.

- 1994 Edition of FEC Regulations (11 CFR). The new edition contains all regulations effective as of January 1994 as well as the revised "best efforts" rules (11 CFR 104.7(b)), which became effective on March 3, 1994. (The outdated best efforts rules are also included, since the new ones were not yet effective when the document went to press.) The Commission has sent the 1994 11 CFR to all committee treasurers.

- Annual Report 1993. The report documents the rapidly increasing demands on Commission resources. It also explains major legal developments during 1993, including passage of the Motor Voter law and the court ruling on the constitutionality of the FEC's composition. The report includes the 1994 legislative recommendations and features graphs and tables on campaign finance and FEC operations.

- Using FEC Campaign Finance Information. This revised, expanded brochure explains how to use the FEC's services to obtain information on money raised and spent by federal campaigns, PACs and political party committees.

Court Cases

NRSC v. FEC

A federal district court recently dismissed this suit in which the National Republican Senatorial Committee (NRSC) had asked the court to stop the FEC from proceeding in an internal enforcement matter opened in 1991, MUR 3204. The NRSC claimed that the FEC's vote to find "reason to believe" that the committee had violated the law and the ensuing investigation were invalid because they took place when the composition of the FEC was unconstitutional. On May 11, the U.S. District Court for the District of Columbia ruled that the case was not ripe for adjudication since the FEC had not yet taken "concrete action" in MUR 3204. But the court was doubtful whether NRSC would have succeeded on the merits even if its case had been ripe for review. No. 94-332 (TPJ).

NRSC had relied on the October 1993 appellate court ruling in FEC v. NRA Political Victory Fund (NRA). In that case, the District of Columbia Circuit ruled that the FEC lacked authority to bring action against the NRA because the composition of the agency was unconstitutional.

The court said that NRSC's reliance on NRA was "misplaced" because, in that case, the court of appeals was confronted with an otherwise final district court judgment obtained by an unlawfully

1 6 F.3d 821 (D.C. Cir. 1993). The court found that the presence of the Clerk of the House and the Secretary of the Senate as nonvoting, ex officio Commission members violated the Constitution's separation of powers doctrine. After the October 1993 NRA ruling was handed down, the FEC immediately reconstituted itself by excluding the ex officio members. The Supreme Court has agreed to review the ruling.
The best efforts rules, which became effective March 3, 1994, explain what steps a committee must take in order to demonstrate that it has made "best efforts" to obtain and report information on individual contributors. Under the revised rules, a committee can demonstrate best efforts by: (1) requesting the information in a specifically worded statement displayed on the contributor response card; (2) making a follow-up request for missing information; and (3) reporting previously missing information in amendments to reports. 11 CFR 104.7(b).

The Republican committees claim that the revised best efforts rules are arbitrary, capricious and contrary to law because:

- The required statement on contributor response cards falsely implies that contributors must provide the information to committees;
- During the rulemaking process, the FEC failed to respond to comments expressing this and other concerns;
- The required follow-up request for missing contributor information contradicts a House committee report interpreting section 432(i) to require only one clear request for the information; and
- The follow-up request unjustifiably burdens First Amendment rights because, under the new rules, it cannot include other materials or solicitations.

The committees contend that the rules will be expensive to implement and will impair their relationship with supporters.

U.S. District Court for the District of Columbia, May 9, 1994, Civil Action No. 94-1017 (JHG).

---

FEC v. LaRouche (94-658-A)

The FEC asks the court to find that Lyndon H. LaRouche, Jr., and his 1988 Presidential primary campaign violated the public funding law by failing to repay $146,464 in federal matching funds. The agency asks the court to order Mr. LaRouche and his campaign to repay that amount—plus interest accruing from October 22, 1992—to the U.S. Treasury.

The Commission claims that, in a letter of September 22, 1992, it notified defendants that the repayment was due within 30 days. On October 22, instead of repaying the funds, Mr. LaRouche and his campaign filed suit against the FEC to challenge the repayment amount. They did not ask the FEC to stay the repayment until the court decided the case; nor did they deposit the repayment amount in an interest-bearing account. See 11 CFR 9038.5(c).

Mr. LaRouche received $833,577 in 1988 primary matching funds. The Commission determined that he had to repay $151,260 in funds received in excess of his entitlement and funds spent on nonqualified campaign expenses. The campaign repaid part of that amount in February 1992, leaving $146,464 still outstanding.

U.S. District Court for the Eastern District of Virginia, Alexandria Division, May 23, 1994, Civil Action No. 94-658-A.

---

1 The Republican committees first asked the FEC to stay the effective date of the revised rules, pending court review. On May 5, 1994, the FEC declined for two reasons. First, a stay would mean there would be no valid best efforts rules in effect, contrary to the Congressional goal of full disclosure. Second, in the agency's view, the request did not satisfy the requirements for a stay. See FEC Agenda Documents 94-45 and 94-45-A, available in the Public Records Office.

2 The statement reads: Federal law requires political committees to report the name, mailing address, occupation and name of employer for each individual whose contributions aggregate over $200 in a calendar year.

---

LaRouche v. FEC, No. 92-1555. The Court of Appeals for the District of Columbia Circuit has not yet decided the case. The LaRouche campaign has asked the district court to dismiss the FEC's suit or, alternatively, to abstain, until the appellate court rules on the repayment issue.
AO 1994-6
Charitable Matching Plan for Twice-Yearly Solicitations

To encourage participation in the corporate PAC by all employees, including those who may be solicited only twice a year, Coors Brewing Company may use corporate funds to match 25 cents of every dollar contributed to its PAC with donations to charity. The PAC will either designate a single charity to receive all matching donations or provide a list of four charities from which a contributor may choose. As long as the twice-yearly solicitations comply with the procedures set forth in 11 CFR 114.6, the plan is permissible.1

The Commission has consistently viewed a corporation’s charitable matching donations as a permissible solicitation expense rather than as a prohibited exchange of corporate funds for PAC contributions.2 2 U.S.C. §441b(b)(2)(C); 11 CFR 114.5(b). (See, for example, AO 1990-6.) In AO 1994-3, the agency specifically approved a charitable matching plan for contributions collected in twice-yearly solicitations of nonadministrative and nonexecutive employees.

Date Issued: May 12, 1994;
Length: 5 pages, including 1-page dissent filed by Vice Chairman Danny L. McDonald and Commissioner Scott E. Thomas. ♦

AO 1994-7
Charitable Matching Plan for Twice-Yearly Solicitations; Treasurer as Custodian

In conjunction with a twice-yearly solicitation of nonadministrative and nonexecutive employees, the Geo Company may adopt a charitable matching plan for contributions to its PAC. Under the plan, employees contributing less than $50 by the end of a year may select a charity to receive a matching donation by Geo. Recent advisory opinions have approved the use of similar matching plans for solicitations of employees outside the restricted class as long as the corporation complies with the requirements for twice-yearly solicitations at 11 CFR 114.6. AO 1994-3; see also AO 1990-6.

One of those requirements is the use of a custodian to preserve the anonymity of expanded-class employees who contribute small amounts ($50 or less, or total annual contributions of $200 or less). The custodian may not be a stockholder or an officer or employee of the corporation or PAC. As an exception, the PAC treasurer may serve as custodian, but only if he or she does not hold another position with the corporation, does not hold stock in the corporation and does not participate in deciding how PAC funds are spent. 11 CFR 114.6(d)(1) and (5).

Consequently, the assistant treasurer of Geo’s PAC may not serve as custodian because he holds another position (senior corporate counsel); furthermore, he may have acquired stock in Geo. Similarly, the assistant secretary of the PAC may not help process contributions from expanded-class employees because she is a Geo clerical employee.

Date Issued: May 12, 1994;
Length: 5 pages, including 1-page dissent filed by Vice Chairman Danny L. McDonald and Commissioner Scott E. Thomas. ♦

AO 1994-8
Campaign’s Rental of Office Space from Candidate-Owned Corporation

The Friends of Mike Parker for Congress may sublease office space and equipment from a corporation owned by Congressman Parker and his wife for nonadministrative employees outside the restricted class as long as the corporation complies with the requirements for twice-yearly solicitations at 11 CFR 114.6. AO 1994-3; see also AO 1990-6.

One of those requirements is the use of a custodian to preserve the anonymity of expanded-class employees who contribute small amounts ($50 or less, or total annual contributions of $200 or less). The custodian may not be a stockholder or an officer or employee of the corporation or PAC. As an exception, the PAC treasurer may serve as custodian, but only if he or she does not hold another position with the corporation, does not hold stock in the corporation and does not participate in deciding how PAC funds are spent. 11 CFR 114.6(d)(1) and (5).

Consequently, the assistant treasurer of Geo’s PAC may not serve as custodian because he holds another position (senior corporate counsel); furthermore, he may have acquired stock in Geo. Similarly, the assistant secretary of the PAC may not help process contributions from expanded-class employees because she is a Geo clerical employee.

Congressman Parker (4th CD/ Mississippi) and his wife jointly own a backyard garage with second-floor office space and plan to lease the upper level to a corporation they own. The corporation, in turn, would lease 75 percent of the space to the campaign committee; the remaining 25 percent would be used by the corporation and Mrs. Parker’s law practice. Utilities would be allocated on the same percentage basis. The campaign also proposed leasing office equipment from the corporation.

In addition to the usual charge requirement, the leasing arrangements for the space and equipment must conform to the normal business practice in the area. The
AO 1994-9

Transfers from Nonfederal PACs; Effect of Corporate Reorganization on Affiliation

Because a joint venture partnership, Armco Steel Company, L.P. (ArmLP) is affiliated with its corporate parents, Armco, Inc., and Kawasaki Steel Corporation (through domestic subsidiaries), the federal PAC of ArmLP may function as a separate segregated fund and accept transfers from affiliated nonfederal PACs acting as collecting agents.

ArmLP will be reorganized into a holding corporation and a subsidiary (AK Holding and AK Steel), and, although neither Armco nor Kawasaki will hold a controlling stock interest, both former parents will nevertheless be affiliated with the new corporations based on the historical relationships among the companies and the presence of high-ranking Armco and Kawasaki officials on the new boards.

Partnership PAC as SSF; Transfers from Nonfederal PACs Acting as Collecting Agents

Committees, including separate segregated funds (SSFs), are affiliated—and thus share the same contribution limits—when they are established, financed, maintained or controlled by the same person. FEC regulations list various factors that indicate whether one organization is affiliated with another and, hence, whether their SSFs are affiliated. 11 CFR 110.3(a)(3)(i) and (ii).

Armco and Kawasaki are both affiliated with ArmLP because of their equal ownership of the partnership and the general partner, which allows them to share equally in the governance of ArmLP. As a further indication of affiliation, Armco and Kawasaki officials each hold three positions on ArmLP's seven-member board of directors, with the seventh member chosen by both companies. See 11 CFR 110.3(a)(3)(ii)(A), (B), (C) and (E).

Because ArmLP is entirely owned by corporations and is affiliated with them, it may function as an SSF. 11 CFR 110.3(a)(3)(ii)(A), (B), (C) and (E). Armco's nonfederal PAC and ArmLP's own nonfederal PAC may, in that case, act as collecting agents when transferring funds to ArmLP's federal PAC (ArmLP Federal). That way, the nonfederal PACs will avoid federal registration and reporting. See 11 CFR 102.6(b) and (c). The transferred funds, however, must represent contributions from lawful donors who have provided written intent to make a contribution to ArmLP Federal. That PAC, in turn, must report the receipt of the funds as contributions from the original donors. AO 1984-31. Furthermore, the nonfederal PACs must assume that their cash on hand is composed of funds most recently received in order to determine which contributions are included in the transfer and to eliminate prohibited or excessive contributions. 11 CFR 104.12. See AO 1990-16.

Affiliation After Reorganization

ArmLP will be reorganized into AK Steel Corporation (AK Steel), a wholly owned subsidiary of AK Steel Holding Corporation (AK Holding). Immediately after the reorganization, AK Holding will recapitalize itself through an initial public offering of common stock. As a result, Armco will hold 4 percent of the stock, and Kawasaki, 20 percent. Although neither Armco nor Kawasaki will thus own a controlling interest, the two former parent corporations will remain affiliated with the partnership's successor companies because of the following factors:

- The President and CEO of Armco and a Managing Director of Kawasaki will sit on the boards of both AK Holding and AK Steel and, along with one other person, will initially choose the remaining members of both boards;
- Three former Armco employees will be executive officers of AK Holding and AK Steel; and
- Armco and Kawasaki were instrumental in forming ArmLP, the predecessor organization. 11 CFR 110.3(a)(2)(ii)(B), (C), (E), (F) and (I).

Given this background, the disaffiliation of AK Steel and AK Holding from Armco and Kawasaki would be premature at this time but could be possible at a later point in the operations of AK steel and AK Holding. See AO 1993-23.

After the reorganization, ArmLP Federal will become the PAC of AK Steel and will therefore have to change its name to include the name of its connected organization. 11 CFR 102.14(c). Date Issued: June 6, 1994; Length: 9 pages.

(AOs continued on page 6)
Advisory Opinions (continued from page 5)

AO 1994-13
Video Slate Card Listing Multiple Candidates

Voter Education Project (VEP), a for-profit corporation, plans to market video slates encouraging viewers to vote for the listed candidates and ballot measure preferences. VEP anticipates charging customers (candidate committees and ballot measure committees) the fair market value for their participation in the ad. In this situation, the disclaimer message may simply consist of a visual or oral statement that the ad was paid for by the candidates and committees identified in the slate.

Disclaimer

When a message expressly advocates the election or defeat of a clearly identified candidate (or solicits contributions) and is conveyed through political advertising, it must include a disclaimer. 2 U.S.C. §441d(a)(1). If the communication is paid for by the candidate's campaign, the disclaimer must read: "Paid for by [name of the authorized committee]." 11 CFR 110.11(a)(1). However, to avoid requiring multiple disclaimers for a communication advocating and paid for by several candidates, the Commission concluded, in MUR 2216, that a slate card mailer simply had to state that the card was "paid for and authorized by candidates marked with an asterisk" (those who actually authorized the ad). VEP's disclaimer may similarly satisfy the disclaimer requirement without having to mention each participating campaign in the notice.

Exhortation to Vote

The video slate ads will conclude with a message such as "Remember to vote on Tuesday, June 7." Because the message will be paid for by all participants, its inclusion will not cause VEP to make a contribution or expenditure. Date Issued: June 8, 1994; Length: 5 pages.

Corrections to Advisory Opinion Summaries

In the summary of AO 1994-3, published in the June issue, the word "not" was inadvertently omitted from the next-to-the-last sentence. The sentence should have read:

The treasurer of Enviro PAC, because he does participate in selecting recipients of PAC contributions, may not serve as custodian.

The summary of AO 1994-5, also in the June issue, identified the requester as William A. White instead of William D. White.

Advisory Opinion Requests

Advisory opinion requests (AORs) are available for review and comment in the FEC's Public Records Office.

AOR 1994-16
Funds, previously contributed to parent corporation’s PAC by subsidiary's employees, now transferred to PAC of subsidiary’s new corporate owner. (Atlantic Research Corporation; May 20, 1994; 3 pages)

AOR 1994-17
Congressional campaign's transfer of balance remaining in recount fund. (Barca for Congress Committee; June 6, 1994; 3 pages)

AOR 1994-18
Definition of member applied to trade association’s membership structure. (International Council of Shopping Centers, Inc.; June 7, 1994; 8 pages plus attachments)
Federa l Ele ction Commi ssion RECO RD

Closing Cash Disbursements

The IS-month figures showed that the 1994 campaigns took in a larger share of contributions from individuals than the 1992 campaigns did. In House campaigns, candidate contributions and loans to their own campaigns increased from $10 million in 1992 to $15.7 million in 1994.

A May 9 press release compares 15-month summary data on House and Senate campaign activity through four election cycles. The release also lists summary figures for each 1994 House and Senate candidate. Copies are available from the Public Records Office.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Candidates</th>
<th>Receipts</th>
<th>Disbursements</th>
<th>Closing Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>1,881</td>
<td>$253.9</td>
<td>$163.6</td>
<td>$140.6</td>
</tr>
<tr>
<td>1991-92</td>
<td>2,053</td>
<td>$247.5</td>
<td>$170.1</td>
<td>$160.4</td>
</tr>
<tr>
<td>1989-90</td>
<td>1,269</td>
<td>$192.5</td>
<td>$126.6</td>
<td>$138.5</td>
</tr>
</tbody>
</table>

---

Order Form for New Publications

(see article on page 1)

Send your order to: Federal Election Commission, Information Division, 999 E Street, NW, Washington, DC 20463

<table>
<thead>
<tr>
<th>Publication Name</th>
<th>Copies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campaign Guide for Corporations and Labor Organizations</td>
<td></td>
</tr>
<tr>
<td>Record Supplement for Political Party Committees</td>
<td></td>
</tr>
<tr>
<td>Record Supplement for Nonconnected Committees</td>
<td></td>
</tr>
<tr>
<td>Annual Report 1993</td>
<td></td>
</tr>
<tr>
<td>Using FEC Campaign Finance Information</td>
<td></td>
</tr>
</tbody>
</table>

Name Organization

Address

City State Zip Code

Phone Number (if ordering more than 25 copies of any one publication)
Index

The first number in each citation refers to the "number" (month) of the 1994 Record issue in which the article appeared. The second number, following the colon, indicates the page number in that issue. For example, "1:4" means that the article is in the January issue on page 4.

Advisory Opinions
1993-18: Corporate plan to foster political participation, 2:1
1993-20: Purchase and distribution of candidate biography, 2:3
1993-21: Preemption of Ohio law, 2:4
1993-22: Use of excess funds by retired House Member, 3:5
1993-23: PAC disaffiliation, 3:6
1993-24: Definition of member, 4:6
1993-25: Preemption of Wisconsin law restricting contributions from lobbyists, 3:7
1994-2: Preemption of Minnesota law restricting contributions from lobbyists, 5:6
1994-3: Charitable matching plan for twice-yearly solicitations, 6:4; correction, 7:6
1994-5: Candidate status, 6:5; correction, 7:6
1994-6: Charitable matching plan for twice-yearly solicitations, 7:4
1994-7: Charitable matching plan for twice-yearly solicitations; treasurer as custodian, 7:4
1994-8: Campaign's rental of office space from candidate-owned corporation, 7:4
1994-9: Transfers from nonfederal PACs; effect of corporate reorganization on affiliation, 7:5
1994-11: SSF activities of federal contractor partnership, 7:6
1994-13: Video slate card listing multiple candidates, 7:6

Court Cases
FEC v. ______
- GOPAC, 6:5
- LaRouche (94-658-A), 7:3
- Michigan Republican State Committee, 4:7
- National Republican Senatorial Committee (93-1612), 1:12; 4:7
- Political Contributions Data, Inc. (PCD), 5:4
- Rodriguez, 6:5

- Survival Education Fund, Inc., 3:1
- Williams, 1:12
- Akins (92-1864), 5:4
- Center for Responsive Politics, 1:12
- Freedom Republicans, Inc., 3:3
- Froelich, 2:2
- LaRouche (92-1100), 1:12
- National Republican Senatorial Committee (NRSC), 5:5; 7:2
- Republican National Committee (RNC) (94-1017), 7:3

Reports
Reporting reminders, April, 3:1; July, 6:1
Schedule for 1994, 1:4; correction, 2:1
- change in Florida and South Carolina election dates, 4:6
Special elections
- Kentucky (2nd District), 5:9
- Oklahoma (6th District), 3:7
- Oklahoma (Senate), 7:2

800 Line Articles
Help – my report is late, 6:1
Registration by candidates and their committees, 1:14

FEDERAL ELECTION COMMISSION
999 E Street, NW
Washington, DC 20463

Official Business
Printed on recycled paper