

FEDERAL ELECTION COMMISSION

1325 K Street, N.W. :

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CONTACT: DAVID FISKE

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POLITICAL ACTION COMMITTEE

SUSAN TIFFT

OPINION

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WASHINGTON - NOV. 19 - The Federal Election Commission has outlined procedures under the Federal campaign finance law by which corporations may use general treasury funds to participate in Federal political activity.

In issuing Advisory Opinion 1975-23 yesterday, requested by the Sun Oil Company, the Commission set forth guidelines for the establishment of a corporate political action committee (SUN PAC), and a corporate "trustee" payroll deduction plan for political giving (SUN EPA). The guidelines are as follows:

SUN PAC (political action committee):

----- Sun may use treasury funds to establish, administer and solicit voluntary contributions to SUN PAC:

----- Sun may make political contributions and expenditures in connection with Federal elections as long as such monies are expended from SUN PAC, and the fund consists of voluntary contributions;

----- Sun may solicit contributions for SUN PAC from its stockholders and employees, provided there is "no coercion or reprisal of any kind in the solicitation of contributions"; the Commission set out three guidelines to "minimize the appearance or perception of coercion": 1) no superior should solicit a subordinate; 2) the solicited employee must be informed of the political purpose of SUN PAC, and 3) the employee should be informed of his right to refuse to contribute without reprisal;

----- contributions to and expenditures from SUN PAC are subject to reporting requirements and to applicable limitations of the Federal campaign finance law;

----- Sun may "control and direct disbursement of contributions and expenditures from SUNPAC." The Commission cited a U.S. Supreme Court case (Pipefitters Local 562 v. United States) where the Court held that a labor union political fund "must be separate from the sponsoring union only in the sense that there must be strict segregation of its monies from union dues and assessments." The Commission said that "since corporations and labor unions are subject to the same restrictions under (the applicable section of the law).... Sun Oil can exercise control over the operations and activities of SUN PAC;"

----- Sun may not use treasury funds to solicit contributions from other political committees; SUNPAC, however, may solicit such contributions from its fund of voluntary contributions..

SUN EPA (political giving program whereby employees may elect to have a certain amount deducted from their paychecks, to be placed in a separate bank account, chosen by Sun, and contributed at the employee's direction to specific candidates, committees and parties of his choice):

----- Sun may use treasury funds to establish such a "trustee" payroll deduction plan for political giving, provided that "Sun Oil will exercise no control over the program nor will attempt to influence employee contributions";

----- Sun may not make "any effort, either orally or in writing, to direct contributions by participants to SUN EPA to any candidate, group of candidates, political party, or other person";

-----"The Commission would not object to Sun Oil's receiving reports setting forth the total number of employees in the plan, the total amount of funds in all the accounts and the total amount of contributions made to all candidates and committees". However, the Commission noted that the "receipt and publication of any report on the source or recipient of any contribution(s) or donation(s) into or out of any SUN EPA account(s) may constitute the exercise of direction or control over future contributions", which would be in violation of the law.

The Commission Opinion was adopted 4-2, with Commissioners Robert Tiernan and Thomas Harris dissenting. Harris will file dissenting views.